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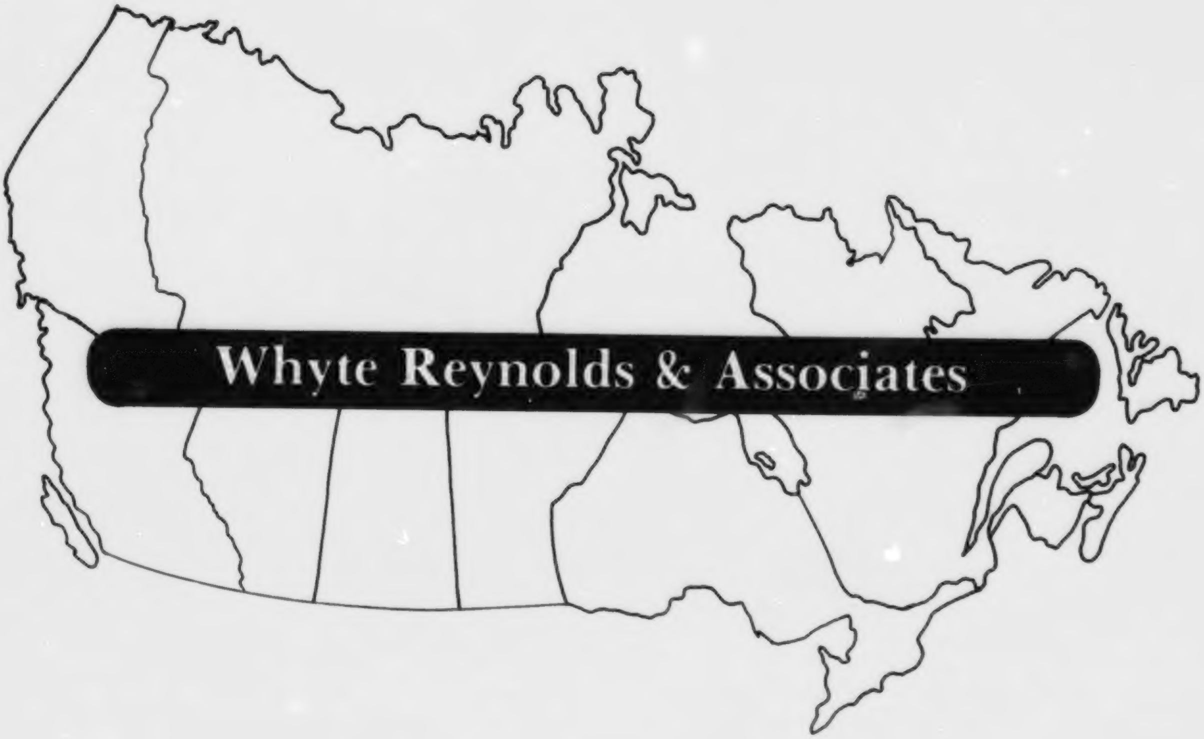

Whyte Reynolds & Associates

A STUDY

OF

THE YOUTH OF NORTHERN ALBERTA

AND

ENTREPRENEURSHIP

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AND
ENTREPRENEURSHIP

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EXECUTIVE SUMMARY

Background

Entrepreneurship has become the economic development battle cry of this decade. The development of entrepreneurs and entrepreneurialism has become important to governments, educators and businesses in today's society. Entrepreneurs have been designated the focus for future job creation and economic growth. Thus, there has been some bandwagon effect in the development of entrepreneurial education, training and assistance programs. In addition, many leaders in this movement have identified youth as a key target group for the future growth of entrepreneurialism. Further, if entrepreneurialism is viewed as the engine of future economic growth in northern Alberta, then the youth of the region are seen as the fuel for that engine.

The delivery of pertinent and effective entrepreneurial training and assistance programs to the potential user groups is an imposing challenge. However, just as with other goods and services, the delivery of entrepreneurial programs in Alberta's north has its own unique and exacting demands. Northern Alberta's youth are the most mobile and scattered segment of the region's population and this complicates the challenge.

* * * * *

The primary responsibility of the Northern Alberta Development Council (NADC) is to present a northern point of view to government. A major objective of the Council is to increase the level of public participation in the planning and design of delivery systems for government services in northern Alberta. Also, the Council has an established objective of assisting northern Alberta's youth to become entrepreneurs and to operate their own businesses. Since most sources of both training and educational assistance for entrepreneurs are publicly sponsored, it is within the mandate of the Northern Alberta Development Council to work with entrepreneurial assistance programs in northern Alberta. To that end, the Council commissioned the management consulting firm, Whyte Reynolds & Associates to undertake **A Study of the Youth of Northern Alberta and Entrepreneurship**.

Objectives of the Study

The objectives of the study as established by the Northern Alberta Development Council are:

1. to determine the small business opportunities available to northern youth and the present level of involvement of young northerners in business ventures

2. to determine what training programs, centres and educational opportunities are available to assist and educate young people wishing to enter into and succeed in small business ventures in Alberta, Canada and the United States

3. to determine the financing sources available to a young entrepreneur and their ease of access

4. to determine ways and means of stimulating a greater awareness of entrepreneurialism among northern youth.

Study Methodology

The techniques used to complete the research phases of this study included the following:

1. A search for existing northern Alberta youth entrepreneurs, under the age of 25 years, using various networks across the north such as weekly newspapers, chambers of commerce, government contacts, local municipal officials, high schools and post-secondary institutions, economic developers and informed business people

2. Personal interviews with young entrepreneurs, educators, people responsible for delivering applicable government programs, academics, local officials and members of the business community

3. A survey of existing and planned entrepreneurial assistance programs in Alberta, across Canada and, to a limited extent, in the United States

4. An analysis of the entrepreneurial phenomenon, various methodologies for teaching entrepreneurialism, ways of reaching northern youth, and potential northern youth user groups for entrepreneurial assistance in the future

5. A determination of the best ways of conveying the entrepreneurial message to a widely scattered and segmented population

6. A determination of the most efficient and effective ways of delivering assistance programs to the target users.

Synopsis

Northern Alberta young people, under the age of 25, are widely scattered and not all easily reached. Further, many of them are not particularly aware of the entrepreneurial alternative as a vocational option. Generally speaking, educational institutions and educators do not do an adequate job of delineating the self-employment alternative to their students. Perhaps even more importantly, the teaching of entrepreneurialism is sadly neglected in the school system.

Entrepreneurship is a much used, and perhaps abused term in recent years. In the present context, entrepreneurship describes the process of actually putting an innovation into the market place; and, the innovator assumes the risk inherent in the process. Unfortunately, "entrepreneur" is now finding general usage as a term to describe anyone in business. However, whatever the meaning, the need to assist northern Alberta's youth to become gainfully employed has been recognized by the Northern Alberta Development Council. At the same time, the desire to develop entrepreneurial education, assistance and training programs has been exhibited by a host of other government departments, agencies, institutions and organizations. There is an urgent need to co-ordinate this massive and sometimes redundant activity.

Northern Alberta Youth

Several entrepreneurial assistance target groups have been recognized among northern Alberta's youth population. The individual target groups and their sub-groups are as follows:

Group 1: **Elementary School Children**
  1.1 Early Childhood Services and Grade 1
  1.2 Grades 2 through 9

Group 2: **High School Students**

Group 3: **The Employed, Unemployed and Under-Employed**
  1.1 High School Dropouts
  1.2 Post-Secondary School Dropouts
  1.3 Unemployed and Under-Employed
  1.4 Post-Secondary School Graduates
  1.5 Employed and Self-Employed

Groups 1 and 2 have been identified as a captive audience best communicated with through the school system. Group 3 consists of a widely scattered audience, best communicated with through their communications medium, the radio.

A series of suggestions for the future delivery of entrepreneurial assistance programs to northern Alberta's youth have been compiled. In most cases, the suggestions apply to the specific target audiences identified earlier; in the remainder, they are offered in response to the general objectives of the study.

- In order to assist northern Alberta's youth to realize entrepreneurial goals, a variety of tactics and programs must be adopted with specific target audiences in mind.

- Delivery mechanisms must be flexible, efficient and responsive enough to be easily adapted for a wide variety of geographical conditions and target audiences.

- As much as is possible, the education and small business communities should collaborate to design and deliver entrepreneurial education and assistance programs.

- It is suggested that the "creative thought" and "calculated risk" aspects of entrepreneurialism be emphasized with younger audiences [under 13 years of age]; as opposed to a focus on business skills, self-entrepreneurial evaluation and financing with older target audiences [14-to-25 years of age].

Group 1: Elementary School Children

The first target group for entrepreneurial training and assistance was subdivided into two separate components, based on their entrepreneurial education requirements. The first group, Early Childhood Services and Grade 1 was recognized as an extremely free-thinking and imaginative component of our society. It was suggested that the unbridled thought processes of this particular age group be encouraged through the institution of an Unconventional Invention Convention program across northern Alberta.

The second component of this elementary school children target group, students enrolled in Grades 2 to 9, was identified as a receptive audience for fundamental business building blocks, including basic business nomenclature and an introduction to a variety of business types. It was suggested that students in these grades could be introduced to the subject areas through a combination of Career Days and the Business Basics program available from the Junior Achievement curriculum.

It was further suggested that elementary school teachers be formally trained in the areas of entrepreneurial philosophy, business basics and self-employment career opportunities. Also, it was recognized that the contribution of school teachers could be considerably enhanced through an active involvement of the local business community in both the Career Days and Business Basics programs.

Group 2: High School Students

Here again, it was suggested that Junior Achievement's Project Business Program could be introduced to Grade 8 and 9 students in northern Alberta. Further, Junior Achievement's Company Program, with a suggestion that the formation of a company not be a necessary prerequisite to the program being successfully completed, should be made available to Grade 11 and 12 students. Northern Alberta's post-secondary school institutions are also encouraged to offer, where it is practical, a mini-university concept program, similar to that which is being planned by the University of Calgary [Youth Entrepreneurship Program]. Entrepreneurialism and self-employment could be adopted as the foci of the program. Here too, attempts could be made to utilize the business community and other local community leaders to help deliver the entrepreneurial messages required.

It was suggested that an integrated senior high school Student Entrepreneurial Business Start-Up Program be introduced on a limited basis in northern Alberta. This program could adopt the Grade 11 and 12 "Development of Entrepreneurs" course curriculum that Ontario has introduced in the current school year; and, Dawson Creek's business-mentor supported small business incubator. This program could be tested in both a large and medium-sized urban centre in northern Alberta, as well as in a rural area that is served by a regional high school. If the program were to prove successful over a three-year period, then it could be considered for other locations in the north.

It was suggested that this target group could also benefit from a formal Career Days week every year in high school and that the Alberta Opportunity Company and Alberta's Treasury Branches could become much more actively involved in student summer business start-ups than they are at present.

Finally, it was suggested that the Alberta Department of Education consider the establishment of a co-ordinating body that would be responsible for integrating and co-ordinating a total package of high school student entrepreneurial training and assistance programs, based on the discussion with reference to this target group.

Group 3: Employed, Unemployed and Under-Employed

It was recognized in this section that the provision of evening classes for would-be and existing entrepreneurs is a most urgently required form of entrepreneurial assistance for this particular target group. Classes based on the NAIT Entrepreneurial Centre curriculum were identified as a good role model. Further, it was recommended that an expansion of the Community Futures Business Development Centres' programs into the hinterlands of the areas they currently serve could fill a void that is not currently adequately served.

It was suggested that the Small Business Division of the Department of Economic Development and Trade consider establishing a completely self-contained, mobile business counselling service that would concentrate on those areas that are most remote from existing services of this kind. Also, it was suggested that the Youth Business Start-Up Program be initiated in northern Alberta, offering financial assistance in the following manner:

- the program adopt the no-academic prerequisites format of Manitoba's Youth Business Start program
- the program offer the $7,500 interest-free loan [for one year] package of Ontario's Youth Venture Capital program.

The need for a northern Alberta "Business Financing Co-ordinator," was recognized during the course of the study. A facility is required that would provide an interface between those that wish to start or expand their business activities and sources of financing required for these projects. It was further suggested that "Business Financing Co-ordination Offices" be established at various centres across northern Alberta.

Finally, the Entrepreneurship Northwest initiative that is being coordinated by Athabasca University was identified as an initiative that offers great potential for the delivery of entrepreneurial training and assistance programs in northern Alberta. This distance learning education program is currently in the prototype stage. It is possible that some of the testing of this prototype could occur in the Northern Alberta Development Council geographic area. Whether or not this does occur, this program should be closely observed and monitored for its potential applications in northern Alberta in the future.

* * * * *

It is suggested that professional education curriculum planners and a cross-section of business counsellors and businesspeople collaborate to develop a "Guide to Teaching Entrepreneurialism" for northern Alberta's primary and secondary schools.

It is also suggested that a central and most accessible Business Development Co-ordinating Office be established in northern Alberta to:

- serve as a catalyst to network building
- co-ordinate the collection and dissemination of information related to entrepreneurialism on an up-to-date basis
- enhance the efficient and co-ordinated growth of entrepreneurial education and assistance programs available to northern Alberta
- act as an interface between the supply side and demand side of those involved in entrepreneurialism.

Recommendations

Three broad recommendations are presented at the conclusion of the study. These recommendations may be paraphrased as follows:

1. **It is suggested that without a consistent effort to involve young people, schools, parents and financial institutions, to substantially alter the existing approach to**

entrepreneurial assistance and education in northern Alberta, little change can be expected with reference to the level of involvement of young people in their own entrepreneurial ventures in the north. Importantly, the business community must be more involved in the Entrepreneurial Assistance process; trainers must be more thoroughly and specifically trained in the subject area of entrepreneurialism; and, the activities of all of the actors in the entrepreneurial process must be much more focussed in order to provide meaningful assistance to the various target groups identified for the purposes of this study.

2. The fundamental stumbling block for youth business start-ups is the lack of available debt capital. It is recommended that a concentrated effort be made to identify new sources of both debt and equity capital for young entrepreneurs and to entice chartered banks to become more involved in youth-operated business activities in the future. It is suggested that some of the difficulties generally associated with lending money to young people could be overcome through an increased utilization of business counselling services and seminars, and the adoption of a wider variety of financing techniques, including loan guarantees and equity participation on behalf of the lender.

3. It is recommended that the key to improving existing entrepreneurial assistance and educational programs is to reduce the academic quotient in favour of a more practical

> **emphasis and to enhance most educational programs that are fundamentally based on the production of a business plan with the added components of strategic thinking, entrepreneurial self-assessment and a concentration on the provision of business operating skills.**

Finally, it is reemphasized at the conclusion of this study that the utility of any form of assistance in northern Alberta is contingent upon programs being adaptable, flexible and deliverable in an efficient manner. In order to be successful in the future, programs that require government assistance must do the greatest good for the greatest number in the most efficient manner. On the other hand, in order to be worthwhile for the end-users, programs, particularly those that are designed for sparse population distributions in northern environments, must be adaptable enough that they can be easily varied in scale and content to suit a wide variety of target audiences.

The ultimate goal of any and all initiatives that might be adopted as a result of this research endeavour is one of self-employment for the youth of northern Alberta. It is suggested in this study that the self-employment alternative is not widely recognized by northern youth and perhaps the most fundamental challenge is to let northern Alberta's youth know that failure to secure meaningful employment does not necessarily mean they have to leave their homes and migrate to the city in order to overcome this dilemma.

1.0 INTRODUCTION

The Northern Alberta Development Council commissioned this study to gain a better understanding of the entrepreneurial phenomenon and how it might effect young people in northern Alberta. Generally speaking, many young people must leave the north to find meaningful employment. This trend is aggravated by an above average high school dropout rate in northern Alberta. The encouragement of youth entrepreneurship may represent a genuine alternative to this trend of youth out-migration. It is widely recognized that an exapnded small business sector is the engine of economic growth today. Since young people generally do not have either start-up capital or the necessary business skills to start their own businesses, this key segment of society needs special assistance geared to their particular needs.

The Northern Alberta Development Council has a mandate to encourage and monitor economic and social development in northern Alberta. The Council views the future of northern Alberta to be in the hands of its youth. Further, the Council is concerned that these young people be provided with adequate opportunities to reach their full potential. Therefore, the Northern Alberta Development Council commissioned this investigation of entrepreneurialism; the sources and types of entrepreneurial education and training assistance available; the distribution and characteristics of existing young entrepreneurs in northern Alberta; the harsh realities of starting and financing a youth-operated business; the unique dictates of starting a youth-operated business enterprise in the north; and, recommendations for a comprehensive assistance program directed at young northern Alberta entrepreneurs.

For the purposes of this study, youth has been defined as any person between the ages of 16 and 25. However, since the study research identified a need to address the questions of young entrepreneur assistance at a very early age, the 6 to 15 year old age cohort is also addressed.

The objectives of this study, as established by the terms of reference of the Northern Alberta Development Council, are:

1. To determine the small business opportunities available to northern youth and the present level of involvement of young northerners in business ventures
2. To determine what training programs, centres and educational opportunities are available to assist and educate young people wishing to enter into and succeed in small business ventures in Alberta, Canada and the United States
3. To determine financing available to a young entrepreneur and its ease of access
4. To determine ways and means of stimulating greater awareness of entrepreneurialism among northern youth.

The research undertaken for this study was addressed from a northern perspective recognizing the limitations and advantages of the north.

* * * *

This study was done by Whyte Reynolds & Associates, a management consulting firm, under the direction of a Steering Committee appointed by the NADC. The members of the Steering Committee are:

Linda Beltrano, Project Director, NADC
Marcel Ducharme, NADC Member, Bonnyville
Rod Kirkham, Alberta Economic Development and Trade, Peace River
Angela Knievel, Small Business, Manning
Peter McGowan, Grande Prairie Regional College, Peace River
Fred Reinholt, Alberta Education, Grande Prairie
Chris Wesolowski, Small Business, Peace River

The study was directed by Linda Beltrano. The members of the Steering Committee actively participated in the study process. The mixture of professional educators and established business people from across northern Alberta, who made up the Steering Committee, proved to be ideal for the purposes of this study. This analysis of young entrepreneurs and the various forms of assistance available to them required a thorough understanding of existing educational and training institutions as well as a practical knowledge of the fundamentals of operating a business in northern Alberta. The members of the Steering Committee complemented each other in this regard and proved to be invaluable to the consultants.

The study contains seven chapters. The first chapter addresses the subject of entrepreneurialism and the entrepreneur. The second chapter profiles the typical northern Alberta young entrepreneur as determined through interviews conducted during the study's research phase. Further, an overview of the present involvement of young people in the northern Alberta small business community is presented. An outline approach to identifying small business opportunities is also provided in this chapter.

Chapter three deals with the availability of financing for young entrepreneurs. In addition, seed, debt and venture capital are discussed with reference to their differences and their particular individual applications to existing and would-be young entrepreneurial ventures.

Chapter four provides an overview of a variety of entrepreneurial assistance programs directed at young people in Alberta and across Canada. Also, some programs not directed at any particular age group but that have potential for northern Alberta are included in this review. The last part of chapter four identifies of ways the programs might be applied in northern Alberta. Chapter five deals with areas of success and failure common to young entrepreneurs. This information is really generic to all businesspeople. Chapter six deals with the challenging task of stimulating a greater awareness of the entrepreneurial alternative among northern youth. The various youth target market groups are defined in this chapter and the best approaches to reaching each of these groups are identified. The final chapter provides recommendations to assist northern Alberta's youth to realize their entrepreneurial goals. The recommendations use the most applicable findings from the program review in the fourth chapter together with other initiatives for the consideration of the Northern Alberta Development Council.

* * * * *

The empirical research for this study consisted of a series of interviews of young entrepreneurs throughout northern Alberta and a survey of entrepreneurial education and assistance programs across Canada. The interviews were limited to the geographical area that is the responsibility of the NADC. Approximately 100 personal interviews were conducted with the majority being in Peace River, Grande Prairie, Athabasca, Lac La Biche, Slave Lake and

Fort McMurray. In addition, the consultant and the Project Director visited the Entrepreneurial Centre in Dawson Creek, British Columbia.

1.1 An Age for the Entrepreneur

The 1980s might well be labelled the decade of the entrepreneur. This does not mean that entrepreneurs are new phenomena, but never have they been so much in vogue. In the 1970s, small business rose to prominence. Increasingly, small business was recognized as the engine of economic growth. It has been well-documented in the first part of this decade that 70 to 80% of all new jobs are created by the small business sector.[1] It followed then that the people who operate small businesses would inevitably become the focus of the cumbersome bandwagon that attempts to cater to all of the various needs of the business operator, whether or not they want or need them.

The study of entrepreneurialism has increased at a geometric rate that coincides with increases in the number of self-employed. This rapid growth has been enhanced by three contributing factors:

- Job Dissatisfaction
- Rising Unemployment
- A Rapid Expansion of the Tertiary (or Service) Sector of the Economy.

Job Dissatisfaction

- One of the greatest sources of new entrepreneurs is people suffering from job dissatisfaction. Many of these people, particularly those who have an entrepreneurial bent, are convinced they can either operate their own business as a much improved alternative to the one they're in, or they have a better idea about products or services they are handling in their existing jobs. Studies of successful small business incubator graduates in the northeastern United States found a great many who had acquired extensive backgrounds with some larger corporation prior to starting off by themselves.[2] In addition, they left due to job dissatisfaction and a distinct impression that they could do it better themselves.

Rising Unemployment

- Unemployment, particularly in traditional secondary industries, has been on the increase for some time. The recession of the early 1980s and the increased computerization and automation of North America's large industrial plant are reinforcing a trend that will increase over the next decade.[3] The Canadian Federation of Independent Business estimates that one to two million traditional jobs will be lost in Canada by the 1990s.[4] This will be further aggravated by the addition of one to two million young Canadians joining the workforce before the end of this century. Of course, the decline of job share accounted for by the secondary sector of the economy has been somewhat abated by the increase in job share in the rapidly expanding tertiary sector. The tertiary sector is extremely well-suited to entrepreneurialism. Also, large corporations and governments will not be expanding their workforces at the rates witnessed in the past.

Rapid Expansion of the Tertiary or Service Sector of the Economy

- There appears to be an enormous increase in people wanting to become self-employed.[5] Being one's own boss seems to hold a lot

> of potential for job satisfaction by itself. Society in general applauds success stories. People tend to derive a great deal of self-esteem and contentment from working for themselves. Thus, the rapid growth of the service sector, aided and abetted by the demands of the information age, is providing ever-increasing opportunities for would-be and existing entrepreneurs.

Entrepreneurship is in. A national survey conducted by Angus Reid Associates found that only 14% of respondents were self-employed but 50% of the remainder who worked for somebody else, wished they worked for themselves.[6] Another contributing factor to entrepreneurialism is the chance to make it big. It soon becomes obvious to the majority of employees that their chances of "making it big" in a structured and subordinated work environment, are slim indeed. However, many self-employed people can legitimately hold to the dream of "making it big."

Canada's entrepreneurial revolution is altering the basic institutional nature of its society. Since the end of the 1982 recession, a wave of new incorporations and proprietorships has injected new energy into the economy and with it, new attitudes and values on self-reliance and independent action. The entrepreneurial revolution must be credited with practically all new job creation in this decade. Firms with fewer than 50 employees have accounted for 96% of net job creation in Canada in recent years.[7] This is all the more significant because firms of 500 employees or more, the domain of big business, today employ 1% fewer Canadians than they did in 1979.[8] Perhaps surprisingly, the Fortune 500 have made a net negative contribution to employment over the last 10 years.[9]

Alberta has more entrepreneurs per capita than any other province or state in North America.

Richard Quiring,
Program Co-ordinator,
Centre for Entrepreneurial Skills
Training, SAIT

Carl Vesper, a visiting professor at the University of Calgary's New Venture Development Group, says that baby boomers, new technology and the two-income family are feeding the be-your-own-boss obsession.[10] Ed McMullan, Co-director of the University of Calgary's New Venture Development Group, says that the growth rate of entrepreneurs in Canada has dramatically risen since the 1970s.[11] **He indicates that two years ago, there wasn't one entrepreneurial university degree offered in the world.** The first schools to establish programs for obtaining entrepreneurial degrees were in Scotland and Australia. Now, universities and colleges are jumping on the bandwagon at unprecedented rates.

Between 1978 and 1984, 92% of the 814,000 jobs created in Canada were generated by companies with fewer than 20 workers (John Bullock, President of the Canadian Federation of Independent Business). Of that employment, 72% was in business, personal and community services, 24% was in retailing, with a decline in manufacturing. Whatever the business enterprise, the emphasis is on small. Small firms are nimbler than large corporations. An individual with a clever idea can often establish his own company and start selling its product long before the idea would pass through the layers of decision-makers in a large firm. The decision-making process in large firms is often so compartmentalized that moves into new product or service lines can take months or even years. However, in small firms, the decision-making process is quite often in the hands of one individual. If that individual is entrepreneurial, the firm will often have a great deal of flexibility in making abrupt changes in production or in providing services.

1.2 Entrepreneurial Characteristics

Entrepreneurship has different meanings for different people. Webster defines an entrepreneur as "the person who organizes, manages and assumes the risks of a business; a successful businessman." This definition is useful in a broad sense but it is misleading when used to identify specific characteristics in individuals known as "entrepreneurs" and to describe the activities required to fill the role. The Oxford dictionary defines an entrepreneur as "a person in effective control of commercial undertaking; one who undertakes a business or enterprise, with chance of profit or loss; . . . ." The myriad of definitions that abound and the great lengths that academics and other followers of the entrepreneurial revolution go to to define entrepreneurialism combine to substantiate the fact that **no universal definitions of entrepreneurs and entrepreneurship are available.**[12] Thus, a definition will not be attempted in the context of this study. Rather, characteristics which are commonly associated with entrepreneurs will be discussed.

One reason the term 'entrepreneur' refuses wide definition is that the term has become the one and only descriptive categorization for people involved in business. Whereas businesspeople were called businessmen and businesswomen or small businessmen and small businesswomen in the 1970s they are all known commonly as entrepreneurs in the 1980s. However, the term entrepreneur, as it has been most frequently used in our society, has always carried an implied sense of something above the ordinary. That is, if a businessperson managed to rise above the ranks of his or her competition, then that person could be labelled entrepreneurial and that person's elevated position would be implied. For example, if someone was able to record sales considerably above average as a result of innovative and unique sales activities, then that person might well be called entrepreneurial. However, the term 'entrepreneur' is so abused, misused and overused today that it no longer implies anything more than someone engaged in business. This is most unfortunate.

The word entrepreneur comes from the French word "entreprendre," which translates to "undertake." In French it means, "one who organizes, manages and assumes the risk of a business or enterprise." The word "entreprendre" was translated to French from the German word "unternamung" which also means to "undertake." Within this brief definition, one can see that the crucial elements comprising the entrepreneur are: organization, management and the assumption of risk. In the context of both the French and German usages of the word, it is implied that an entrepreneur will be well organized, and capable of undertaking calculated risks.

Also, regretfully, the term "entrepreneur" has limited applicability in its general use. For instance, entrepreneurship and small business are not necessarily the same thing. Not every small business is entrepreneurial; not every entrepreneur runs a small business. Some small businesses are run by entrepreneurs, and some entrepreneurs run small businesses; they are not mutually exclusive nor mutually inclusive categories. The differential depends on how the business is run.

Entrepreneur is a very old word that find its history in France. In the 1730s, it was described by Richard Cantillon "as the process of bearing uncertainty."[13] Joseph Schumpeter, the famous German economist, is credited as the father of the new modern thinking about entrepreneurship. He said that the characteristics of entrepreneurship are innovation and managing change.[14] Schumpeter said that there must be new products or services; new methods of production; new markets; new sources of supply; or, new forms of organization. Any of these five things on their own, not necessarily together, qualify as entrepreneurial activity. Waterman and Peters in their book, In Search of Excellence, define the two important ingredients of entrepreneurship as innovation and creative imitation.[15] This implies that true entrepreneurs must be new and probably successful in a new business. However, here again, this attempt to define entrepreneurship defies universality. For instance there are many examples of new businesses that represent better approaches to doing old things and not necessarily new things. Thus, the common characteristics exhibited by entrepreneurs become much more important.

Entrepreneurs come from entrepreneurial families on a disproportionate basis, perhaps as much as 4:1.[16] This finding implies that both environmental determinism and genetics play a role in the creation of entrepreneurs. However, the literature has firmly established that entrepreneurs can indeed be made, although some are obviously born.[17] Interestingly, a number of recent research studies suggest there is no identifiable individual who can be reliably classified as an entrepreneur[18] but it is becoming increasingly possible to identify potentially successful entrepreneurs. Very few individuals have the ability or knowledge to analyze themselves. But successful entrepreneurs commonly exhibit certain characteristics such as tenacity, a will to achieve, an inclination to take risks, high energy, money-mindedness, self-confidence and independence. Although these characteristics are certainly not found in everyone, one does not have to be born with them to be a successful entrepreneur. The controversy has raged for years about whether entrepreneurs are born or made, whether they are creatures of their environment or whether, in fact, entrepreneurship can be taught. Past research has shown that except the so-called 'high-tech entrepreneurs' most entrepreneurs are not particularly well-educated.[19] But even high-tech entrepreneurs generally lack good business and management skills, at least at the outset. There is a growing body of evidence that the home, sometimes the school and the environment in which successful entrepreneurs have developed usually encouraged entrepreneurial careers.[20]

Importantly, entrepreneurs are not gamblers but rather, they are calculated risk-takers. Entrepreneurs do not fear but, rather, they respect failure. Failure can be viewed as a learning experience. If you don't risk failure, you are not going at capacity. Entrepreneurs learn to cope with failure and risk. Entrepreneurs are motivated by self-satisfaction. Entrepreneurs 'think differently.' Entrepreneurs are driven by independence. A benefit of entrepreneurship is, of course, that it builds self-esteem.

A noted business writer, Mary Jean Parson, found a remarkable consensus of findings when she reviewed the magazines, professional journals, university publications and other related literature dealing with the characteristics of successful start-up business operators.[21] Parson's findings have been be summarized as follows:

1. Goal Setting and Perseverance. Successful people have the ability to set clear goals and objectives that are high and challenging, while, at the same time, realistic and attainable. Concurrently, there is a commitment to

long-term future projects and to working toward goals that might be quite distant in the future. Essential to success is a strong determination to get the job done at almost any cost in terms of personal sacrifice.

2. Human Relations Ability. Successful owners can sell. This means they have the ability to convince others to move in specific directions. This cannot be done if they do not have good relations with others. Characteristics such as cheerfulness, co-operation, and tact are all important.
3. Communications Ability. Verbal communications, verbal and written comprehension, and written communications abilities are strong. The ability to communicate ideas to others is vital in every business, but imperative in the small business.
4. Competing Against Self-Imposed Standards. Successful owners have the desire and tendency to set self-imposed standards that are high, yet realistic, and then to compete with themselves and their former achievements (not the goals and achievements of others). Since the goals of the business are set and met by the owner, the small business relies on the individual who can do both tasks. There is no one to blame for failure in a small business other than the person who wears all the hats.
5. Dealing With Failure. Since things rarely go right the first time in a small business, successful persons use failure as a means of gaining a better understanding of how to prevent the same thing from happening again.
6. Self-Confidence and Belief in Self-Determination. Successful owners have a firm belief in their ability to achieve goals that are self-determined. They also believe that success or failure is within their personal control, rather than being determined by luck.
7. Moderate Risk-Taking. There is a risk involved in every business enterprise. Successful owners have a predisposition to taking moderate, calculated risks that provide a challenging, reasonable chance for success.
8. Taking Initiative and Seeking Personal Responsibilities. There is no one in back of an entrepreneur making important decisions or determining what comes next. An important ingredient to success is to be able to fill a leadership vacuum when one exists. In addition, successful owners like situations in which their impact on problems can be measured.

9. Drive and Energy Level. Running one's own business is hard work. Successful owners have the ability to work long hours with less than normal sleep. Vigor, good health, and persistence are typical traits.
10. Tolerance for Ambiguity. Every small business has many crises that can be solved only by the owner. Successful owners have the ability to live with modest-to-high levels of uncertainty concerning job and career security and are able to work on a number of different tasks simultaneously.
11. Thinking Ability. Successful independent business persons have the ability for original thinking, creativity, and critical analysis of situations. Problem-solving ability is of prime importance, particularly if it can be done well under pressure.
12. Use of Outside Resource Persons. Successful owners have the demonstrated capacity to seek and use the opinions of others in order to take corrective action and to improve the quality of business decisions. This is an orientation that seeks to obtain expertise and assistance in the accomplishment of goals.
13. Technical Knowledge. It is dangerous for a person to go into a business that is unknown territory. If the person does not have the requisite knowledge, then it will be obtained through a self study program, by working as an employee in a similar business, by obtaining a franchise, by taking in a partner or hiring an experienced consultant, contract worker, or employee. Some of the latter options are not attractive, as they put the owner at the mercy of others.
14. Number Sense. Business success is evaluated through a series of accounting reports. A person does not have to be an expert in understanding these reports, but "numbers" do not frighten successful persons. Sooner or later, important decisions are based on the "numbers." The better the person is able to understand these figures, the better the decision will be.
15. Money Sense. Successful persons recognize that money is an important factor in running a business. They gain an early respect for money and learn how to use it.
16. Age. There is no "magic age" to the success of the small business owner. Generally, the successful owner is old enough to have had life experiences without having the stuffing completely knocked out. Ages thirty to thirty-five seem to be a time in life when people are

willing to strike out on their own. Another significant age bracket is fifty to fifty-five when things are settled financially and a person can look around at new opportunities.

17. Family Background. Successful owners seem to have a family background that shows evidence of entrepreneurial endeavor on the part of the father, mother, or close family relatives.
18. Ethnic Background. Immigrants and children of immigrants have a higher incidence of going into business for themselves than do native-born Americans.
19. Employment History. People who really want to go into business for themselves have a hard time working for others. Most bosses are not as smart as they are, and the jobs seem to get dull very quickly. Paper routes or other independent work history as a child help create the self-employment spirit in people.
20. Educational Background. A great deal of education tends to drive the self-employment spirit underground, particularly in business schools. Education in America, except possibly in the arts, is geared to developing employees, not employers.

It is most unlikely that any one person is exceptionally strong or weak in all of the dimensions described above. What are the most important of these characteristics? The answer to this question varies with the respondent. However, it is proposed here that entrepreneurial people think differently, that is, they are individual thinkers who are not prone to bandwagon consensus. Further, entrepreneurial people are driven to do their own thing. They are demanding of themselves and others, they are prepared to take calculated risks and their true reward is the self-satisfaction they gain from being successful.

In summary, the most common entrepreneurial characteristics are as follows:

- **tenacity**
- **goal-orientation**
- **competitiveness**

- **risk-taking ability**
- **self-confidence**
- **money-mindededness**
- **energy**

Successful entrepreneurs have a tendency to exhibit the following common behavioral characteristics:

- they come from a family business background
- they possess above average levels of education
- prior career choices influence their entrepreneurial field of choice
- they tend to locate their business activities where they live, have worked and have established networks.

* * * *

The literature on entrepreneurialism is vast. Some findings are pertinent to this study of youth entrepreneurialism in northern Alberta. The literature generally portrays the entrepreneur as a folk hero. However, it is necessary to separate 'folklore' from 'reality' because folklore can hurt the entrepreneurial assistance movement. Entrepreneurs may be separated from the general business population because they are innovative. Entrepreneurs usually exhibit a high need for achievement and knowledge. A successful learning experience tends to beget the desire for more, and life-long learning is vital for any entrepreneur.

2.0 YOUTH ENTREPRENEURIALISM IN NORTHERN ALBERTA

2.1 Profile of the Typical Northern Alberta Young Entrepreneur

Approximately one hundred interviews were conducted during the research phase of this study. Although young entrepreneurs (under 25 years of age) were sought throughout northern Alberta, concentrated searches were conducted in Peace River, Grande Prairie, Slave Lake, Athabasca, Lac La Biche and Ft. McMurray. Since it was difficult to identify a great many young entrepreneurs, the interview subjects include individuals over the age of 25 who, nevertheless, began their self-employed business activities under the age of 25. Although the number of young people actually running their own businesses was small (approximately 45), enough data were collected to provide a fairly clear profile of the northern Alberta young entrepreneur.

The typical young person involved in running a business in northern Alberta can be profiled as follows:

- By far the majority of northern Alberta's young businesspeople are involved in retail businesses. The exceptions are predominantly service-type businesses.

- The businesses operated by young people are either take-overs of parental businesses or spin-offs of parental businesses.

- Sources of financing consists mostly of seed capital derived from parents and extended families. Debt capital invariably is obtained with parents' co-signatures.

- In most cases, young business operators in northern Alberta come from an entrepreneurial or a business family background.

- On a scale from one to five, with five being the highest, northern Alberta's young businesspeople rate themselves a 3.75 in terms of general business acumen.
- Most young business people in northern Alberta do not look on their present business activities as long-term endeavors.
- Their biggest surprise in business is the amount of hard work and dedication required.
- Generally speaking, the most common form of advice to their peers is that running your own business "ties you down."
- There appear to be more young entrepreneurs per capita in mid-size communities (e.g., Slave Lake, Peace River) than in larger ones (e.g., Fort McMurray and Grande Prairie).

The most significant finding in the study of northern Alberta young entrepreneurs is that there are not many of them. There seems to be a higher inclination, to start a business in the 26 to 39-year age bracket than in the 16 to 25-year age bracket that was the focus of this analysis. What percentage of successful entrepreneurs are under 25 years of age anywhere? Surely the fact that very successful young entrepreneurs are generally proclaimed far and wide via multi-media sources points to the fact that young, successful entrepreneurs are indeed extraordinary and unique. For those young people in business in northern Alberta, the following general findings apply:

- Their family was in the business and as a result they were able to enter from a background of strength.
- Generally speaking, they did not have a business plan when they started.
- In almost all cases, debt capital could only be acquired with a co-signer.
- Young retail businesspeople find it more difficult to gain the trust of their customers than their older employees do.

- Many young business operators find it difficult to handle employees older than themselves.

- Most young entrepreneurs find there is little or no freedom available to them in retail and hospitality service businesses.

- Many young entrepreneurs indicate that their business requires a lot of work and entails a great deal of stress.

- Young entrepreneurs find they are always preoccupied with their business activities.

- Young entrepreneurs find they must sacrifice social pursuits of their peers.

- Many young entrepreneurs cite the need for finding a relatively young accountant or bookkeeper with whom they can communicate and seek guidance.

- With reference to Indian bands, there has been a movement from band-owned enterprises to individually-owned enterprises. In an informal survey, natives most likely to start their own business enterprises are in the 23 to 37-year age bracket.

- Many young entrepreneurs, particularly those in remote communities, found few or no courses or government-provided business counselling services available to them at start-up.

- Young entrepreneurs in northern Alberta have ill-defined or no, long-term goals.

- Young northern Alberta entrepreneurs find that being their own boss is most gratifying.

- When seeking financing, young northern Alberta entrepreneurs suffer from no track record, no accumulated net worth and no credit rating.

- Generally speaking, the long-term plans for young northern Alberta entrepreneurs are to not stay in this "business" for the rest of their lives.

- Most young entrepreneurs find that lack of management expertise is their biggest shortcoming.

- The most common short-term goal among northern Alberta young entrepreneurs is to acquire enough money to be able to pursue something else.
- Many young entrepreneurs advise would-be young entrepreneurs to take formal training and to attempt to acquire a background and experience in the anticipated business first. They say that jumping in cold is the most difficult way to start a business.

Lance Secretan has analyzed the relationship between age and the tendency to start a business. It is known that entrepreneurs with a good idea are more inclined to go into business at certain times of their lives than at others. Potential entrepreneurs see their chances of success and their opportunities to start a new business differently at different stages of their lives. These chances can be illustrated by a curve called the "perceived capacity line." This line rises very rapidly through the 20s to the mid to late 30s. At its highest point, would-be entrepreneurs feel that it is the opportune time to start their own business. Secretan has found that in their mid to late 20s, would-be entrepreneurs find that their responsibilities tend to be as low as they are likely to be for the rest of their lives, and this period parallels a time when the majority of people are most confident in their own abilities. This period of confidence is enhanced by a concurrent situation where this age group is habitually less well-equipped to deal with some of the pitfalls and experiences of wisdom that would encumber their perceived abilities to be successful. Thus, start-up decisions are usually made in a 10 year span between the mid-20s and mid-30s, after which they decline quite rapidly.

Beyond the mid-30s, most people find they have heavier financial and domestic responsibilities, they often experience lifestyle changes and they have less personal faith in their abilities to start something new. As a result, youth is a factor. However, some recent findings indicate that there is a higher trend toward starting a new business in the late 30s. This perhaps represents the last-ditch self-employment opportunity before advancing middle age. Secretan's free choice periods are defined by would-be entrepreneurs' perceived capacity lines. However, it appears, based on the evidence obtained for this analysis, that there is a very low incidence of starting a business in northern Alberta between the ages of 16 and 25. A significant number of business operators were identified by their neighbors and associates as having started a business "young." In most cases, these "young" entrepreneurs, in fact, started their businesses in their late 20s.

In November, 1985, Angus Reid Associates conducted a national public opinion survey on entrepreneurship.[*] This survey clearly showed that young people approach the business world looking for opportunities to work on their own. It is interesting to note the differences between males and females in their tendency to start their own businesses, particularly now when women are generally being credited with being far more successful with new business start-ups than men.

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[*] A survey of adult Canadians was drawn from all regions of the country and is accurate to ±3.1%, or 19 out of 20 times. The survey points out that the greatest change in people's values can be measured by the relationship between age and the desire to be one's own boss. Younger Canadians are significantly more likely to find the idea of self-employment more appealing. Sixty percent of survey respondents aged 18 to 34 (70% of men in this age group) would rather be self-employed compared to only 37% who would prefer to work for someone else. Among middle age respondents, the survey found the prospect considerably more appealing to men aged 35 to 54 than to women in this age grouping. Older Canadians are notably less attracted by the prospect of self-employment where 52% of this group said that they would prefer to work for someone else compared to only one-third (27% of older women) who would rather own their own business.

In the 1981-1986 period, the number of female business owners in Canada grew almost five times faster than male business owners:

Year	Business Owners Male	Female
1981	617,500	166,730
1986	644,280	200,255

Source: Statistics Canada Census

Women business owners tend to be younger than men, with 32% being less than 35 years old in 1986 compared to 27% of males in this category. In northern Alberta, it appears that women in the 16 to 45-year age category have very little to choose from in terms of jobs. Since the northern economy is based on primary resource extraction, there are more traditional male opportunities than there are traditional female oportunities.

While at the aggregate level there are no appreciable male-female differences in the level of schooling attained by business owners, differences are evident in certain industry and age groups. For instance, a greater proportion of women business owners in the 25-34 age group in the trade sector have post-secondary education than do males in the same categories.

An analysis of Revenue Canada's latest five-year report (1980-1985) reveals that the 35-39-year age group is the most heavily represented among Canadian business proprietors. A number of factors contribute to this situation. First, this is the first of the post-war "baby-boom" groups. Secondly, many of these new business proprietors, both male and female, already have at least one career behind them as an employee of some other business or organization. Thirdly, many women in this age group seek to return to the work force after having had a family. Of course, this latter group finds entry to the work force somewhat more foreboding in the north than the south. As a result, this segment of the population offers a great potential source for small business start-ups.

Prominent among the research of women in business is the work done by Jerry S. White.[22] White has found women to be much more thorough than men in their approach to starting a business. This includes the fact that they exhibit a much higher frequency of having a business plan prior to starting their ventures. However, White's work is somewhat flawed since he fails to compare any of his women-in-business groups to male control groups. However, Masters and Meier have conducted detailed studies of sex differences and risk-taking propensities of entrepreneurs.[23] First, they have established that entrepreneurs are widely believed to take more risk than managers. Women have been stereotyped as conservative and risk-adverse in the past whereas males are viewed as taking more risk than females. Masters and Meier contribute this to the constraints females are exposed to in the socialization process versus that of males who have risk-taking, exploration and adventure reinforced in their role definition. In other words, females are encouraged to be more conservative. However, in the 1960s and 1970s the women's movement resulted in more small business start-ups by women than by men. In the 1972 to the 1982 period, self-employment by women increased by 59% which was five times the rate of men. Further, Masters and Meier were unable to find any significant differences between the risk-taking tendencies of males and females.

United States research of successful small business incubator graduates found that the average age for this group is 39 years.[24] The first class of 25 to enrol in the Lethbridge Community College Entrepreneurship Centre averaged 39 years of age.[25] The average age of Lac La Biche Business Development Centre clients is approximately 38.[26] In Slave Lake, the Business Development Centre has one or two clients under 30 years of age; the rest are predominantly in their mid-30s.[27] The first group of enrollees in the Keyano College, Fort McMurray Entrepreneurialism Program was in the 32-to-35 year range.[28] This average age is reinforced by all seven classes until now at the NAIT Entrepreneurship Centre.[29] **Thus, the high propensity for people to start a business in their 30s (30-39)**, appears to be reinforced by these findings.

Interestingly, the opportunity to run one's own business is often portrayed as a chance to enjoy more freedom. However, the majority of young people in the 16 to 25 year age group are unaware of what it is like not to have freedom. The media image of small business is not attractive either. Certainly, the "Mom and Pop" corner grocery store image could not be considered an enticing one for young people. Also, it was recently reported that small business owners are among the lowest average incomes of any group in Canada.[30] Thus, it is not surprising that young people do not embrace self-run business opportunities with open arms. The 16 to 25-year-olds are not a prime business start-up group. They have too many other things to learn before they can be entrepreneurs. In addition, there is an ever-increasing number of competing opportunities for their time and attention.

In a national U.S. survey of 187,000 freshmen entering college in the fall of 1980, an interesting profile of characteristics and attitudes emerged.[31] Although 21.3% indicated that their "probable field of study" would be in business administration related subjects, only 2.5% indicated that they expected to become "business proprietors" in contrast with 17.1% who opted for obvious managerial or corporate professional roles. Thus, less than 3% of the group surveyed indicated they intended to work for themselves after graduation from college. Researchers at the American Free Enterprise System at Ohio State University partially attribute these findings to the influence of both parents and the school system. Young people are raised in an environment that says big is better, necessary, and even inevitable.[32] College kids opt for corporate security and "prestige."

Another explanation of why parents join educators in encouraging their children into corporate and government careers is that most of the influential sources in our society, particularly universities, consider small business to be "lowbrow."[33] Although this trend is modifying, there is a certain inertia involved in this institutional thinking that hinders revolutionary change.

In May 1987, the Slave Lake Business Development Centre (BDC) planned a summer enterprise course that targeted 20 to 25 participants from Slave Lake who were enrolled in universities and colleges. The Centre planned a 3-day seminar on how to write a business plan aimed at young people and particularly at university students. The seminar was to be co-sponsored with the Slave Lake Community Vocational Centre (CVC). However, in spite of an exhaustive promotion program that included phone calls to parents of potential enrollees, bulletins, posters and direct mail, not one young person showed an interest in the seminar. As a result, it had to be cancelled. Those responsible for the planned course at the Slave Lake BDC and CVC attribute the lack of interest to competition from an abundance of summer jobs in Slave Lake. While this is no doubt true, it is also obvious that people in this age group are not particularly interested in pursuing a business enterprise for a few short summer months. Since that time, the Slave Lake BDC has found that approximately 25% of people seeking business advice from their counsellors are under 25 years-of-age. Interestingly, a lot more people over 25 years of age ask for a business idea than under 25 years-of-age and they usually enter the BDC with a potential business already in mind.

2.2 Small Business Opportunities for Northern Alberta Youth

Northern youth, not unlike youth anywhere else, lack adequate access to financing, typically are short on business experience, and their exposure to business is limited. In addition, their mental preparation (i.e., working for themselves) is almost non-existent. For generations, educational institutions have taught and trained people to work for somebody else. Only in rare circumstances, has the self-employment alternative been addressed.

It is widely recognized that small business is the engine of economic growth and that perhaps 85% of all new businesses will spring from existing businesses. As a result, young people are urged to get a job with an existing business first, in an area where they think some self-employment opportunities might develop in the future. Experience in the interest area and the importance of banking some potential equity capital are recommended prerequisites to starting a new business. Although the potential of starting a new business is enhanced in certain areas of northern Alberta (for example, in that area covered by the

Peace Arch Project which will be discussed in Chapter 4), young people in business in northern Alberta today offer strong words of advice to would-be entrepreneurs of their generation. They urge young people contemplating the start-up of a new business to take every business course they can find, gain expertise in their field of interest and be entirely committed to the project if they expect to be successful.

Small business opportunities exist literally right under the noses of would-be entrepreneurs, inasmuch as in most cases they can originate from existing business activity in any community. For those who wish to seek out a potential business opportunity, the following sources are drawn from the experience of many who have gone before:

1. Past feasibility studies
2. Interviews with:
    - purchasing agents
    - chambers of commerce
    - government departments
    - existing businesses
    - major suppliers
    - financial institutions
    - other small business programs
3. Growth industry identification
4. Existing small business centres
5. Import replacement opportunities
6. Manufacturing under licence
7. The identification of market gaps
8. The supply of a product or service to other producers
9. Value-added processing

3.0 AVAILABILITY OF FINANCING FOR YOUNG ENTREPRENEURS

3.1 Seed and Venture Capital

A. Overview

Seed Capital

The financing of new ventures typically occurs in three stages: seed, start-up, and early growth. Seed financing is usually thought of as a relatively small amount of capital provided to an entrepreneur to investigate a business concept. It may involve partial development but rarely involves implementation of a marketing plan for that product. As the term "seed" implies, this capital is used to spawn the transition from idea to reality. Seed capital will support the development of this idea to the start-up stage where additional capital must be attracted in order to continue product development and begin marketing activities.

Although sources of venture capital are usually easily identifiable, as the bulk of venture capital is derived from established professional venture capital firms, the same cannot be said for seed funding sources. Seed capital is more likely to come from non-professional sources since there are very few seed financing specialists within the venture capital community. Most active professional venture capital groups seldom, if ever, make seed stage investments. In most cases, entrepreneurs must have informal sources such as family, friends, or groups of private investors for seed capital, to be used in combination with whatever personal capital resources they have. These informal sources usually base their investment decisions on their knowledge of the individual involved and their personal assessment of the proposed business venture.

Venture capitalists realize that the average seed stage investment may not be liquidated for at least eight years and perhaps as long as 12. Most venture capitalists work with an objective of securing liquidity within five to seven years. Since seed capital often has to be invested two or three years before start-up venture capital requirements are defined, seed capital is obviously the most patient kind of venture capital investment. As a result, the average venture capitalist would not be willing to spend the necessary time and resources to develop a business from the seed stage unless the investment opportunity appears to have a minimal risk and outstanding opportunity for lucrative returns.

Raising seed capital is the first and most important selling effort of a would-be entrepreneur's road to realizing his/her new business enterprise ambitions. During the seed stage, entrepreneurs usually prepare detailed business plans and financial projections, and conduct extensive market studies. These three major components, (the business plan, financial projections and market analysis), constitute the basic tools that are required to sell the new business enterprise to the venture capital community for second stage financing.

Seed Capital

> Perhaps the most important thing to realize in evaluating the "seed investment" is that it is no different than all other investments that a venture capital company might review. The venture capitalist is a buyer of people.
>
> A.A. MacKinnon
> Alta-Can Telecom Inc.

A further element in evaluating the "seed" financing opportunity, is whether or not the potential product or service will interest the consumer. Most venture capitalists will shy away from products involving consumer markets. The primary reason is that consumer products and services are highly price-sensitive, and the opportunity of quality and value is not as built-in with that type of product or service, as with commercial and industrial ventures.

Venture Capital

It is obvious that neither party to a venture capital financing arrangement enters the transaction without a reasonable expectation of success. But, because the marriage of money and people is prone to unexpected and often unpleasant developments, and since venture capitalists are, by and large, investing money they have raised from other people, they will do what they can to back a winner. This does not mean they will walk in and take over a new business operation, but they will want a say in how the funds are spent. They will put someone on the board of directors, for example, and partake in much of the decision-making.

Venture capital means different things to different people; one of the first steps in approaching a venture capital group is to identify how they define venture capital. At one end of the spectrum there are venture capitalists who focus on the start-up or early stage business enterprise where returns of 40% per annum are expected, and where control of a business is often required to protect the interests of the investors who are assuming very substantial risks at this stage.

Often, the product has not been fully developed; certainly the market has not been fully tested; and, in almost all cases, the management team has not been completely assembled. This type of venture investing has been very popular and successful in the United States where syndicates have been organized, not only for the first round of financing but for the several rounds that subsequently follow. However, this kind of investing is not very prevalent among venture capital groups in Canada and those Canadians that do make such investments typically make them in the United States.

A more usual investment by venture capitalists in Canada falls into the area of expansion, or acquisition, financing. This is where a company has existed for some time and needs more capital to secure a growth opportunity. This is often referred to as second or third stage financing.

It is worthwhile to repeat that venture capital groups are funded largely by institutional investors such as banks, insurance companies and pension funds. These kinds of investors require a certain amount of discipline in the behavior of their venture capital groups. In effect, venture groups have to explain their decisions to investors who are basically conservative in nature. Thus, no matter what stage a business is at, it will be put through a very extensive process whereby the business itself, its competition and its market place will be analyzed thoroughly. In addition, venture capitalists are usually very concerned with the level of management expertise associated with their investment opportunity.

Some other facts of life, common to most venture capital investments, are also worth considering. For instance, the venture capitalist will also want to agree on a plan for realizing on his investment, whether this involves a public offering, the sale of the business, or a buy-back arrangement. The realization plan is critical to achieving his rate of return and therefore must be realistically achievable over a three to seven-year time horizon. Many financings are not realized because there is no identifiable exit strategy. In addition, most venture capitalists will want to stay involved as the business develops so that they have first-hand knowledge of the results and can measure these against stated objectives. If the business gets into trouble, the venture capitalist will want to know why and will want to take corrective action. If the business does do well, a venture capitalist can often help it do even better by introducing new business opportunities and by arranging new rounds of financing, including the first public offering.

Entrepreneurs may well gain in two important areas from entering into agreements with venture capitalists. First, the entrepreneur can gain extensive management expertise and counselling support by involving representatives of the venture capital group in the daily business decision making. Secondly, the entrepreneur secures the most important start-up component, patient capital. However, long-term involvement with venture capitalists, involving successive stages of financing, are not always the most attractive means of financing for entrepreneurs. Venture capitalists know there are normally several rounds of financing required to bring a new business enterprise to maturity. Unfortunately, most entrepreneurs do not understand this. Several rounds of financing means that control usually moves from the entrepreneur to the investor's syndicate. In other words, with each successive step up the ladder of success, increasing demands for financing are often closely paralleled with decreasing levels of equity held by the entrepreneur.

Importantly, venture capitalists typically invest at arm's length and in areas of their expertise. They have a tendency to concentrate in large cities and make their investments where they can keep an eye on them. Thus, venture capital becomes particularly difficult to raise for northern-based businesses. Ironically, while much resource extraction in the north may be funded by southern-based venture capitalists, northern-based businesses must secure capital from other sources.

Synopsis

Much attention has been focused on the rising popularity of venture capital pools over the past few years. The venture capital process can be a dynamic and creative one. However, venture capital is generally available to firms with a proven track record. In Alberta, venture capital investments have been directed toward mid-growth enterprises. Venture capitalists rarely provide seed capital -- that is, capital used to prove a concept, to build a prototype, or to permit an entrepreneur to start a new firm. Consequently, mechanisms are needed to allow entrepreneurs to reach a point where they may be in a position to tap the resources of the venture capital industry. The small business incubator concept represents one such mechanism. However, the establishment of a small business incubator does not necessarily lead to the formation of a seed capital pool. A small business incubator is generally regarded as a facility that nurtures new small businesses through the provision of services, counselling and preferred rents.

Attaining seed capital is often the most critical component for a new business start-up. Even though newborn entrepreneurs often suffer from a lack of management and business skills, their tenacity and aggressiveness often serve to overcome these shortcomings. Successful entrepreneurs will learn from their mistakes.

> If you have made mistakes, even serious ones, there is always another chance for you. What we call failure is not the falling down but the staying down.
>
> Mary Pickford
> On the Upbeat

Those who profit from their mistakes are that much wiser. However, mistakes are generally supported by the entrepreneur's equity capital. Thus, the availability of seed capital provides the tenacious entrepreneur with that many more chances to learn from his/her mistakes.

It can be safely assumed that many new business ideas are lost in any given time period, and in any given community or region simply because money is not available to carry an idea forward to a preliminary testing stage. Here again, seed capital availability provides the potential for dreamers, schemers, inventors, independent thinkers, people with the desire to be their own boss -- or entrepreneurs if you will -- to have the potential to pursue their ambitions and realize their business dreams. Extensive pre-screening of the marketplace will dictate who survives and who fails. However, the combination of a new business idea and the availability of seed capital offers far more people the opportunity to reach their full potential.

* * * *

Venture capital companies, are being formed at an ever-increasing rate. However, venture capitalists have proven to be very conservative investors who put the vast majority of their funds in established firms in large urban and metropolitan areas. As a result, venture capital funds do not represent a realistic source of financing for new business ventures in northern Alberta.

A third source of potential financing for small business start-ups is provided by the public sector. In Alberta, the provincial government has provided such sources as the Small Business Equity Corporations Program (which is now essentially fully committed); the Alberta Stock Savings Plan; the Alberta Opportunity Company; the Agricultural Development Corporation; and, in partnership with the federal government, the Canada-Alberta Northern Development Subsidiary Agreement and the Canada-Alberta Tourism Subsidiary Agreement. The federal government complements these institutions and programs with the Federal Business Development Bank (FBDB) and the Western Diversification Fund.

* * * *

Both the Alberta Opportunity Company (AOC) and the Federal Business Development Bank offer financing to students who wish to operate their own businesses during the summer months.

The Federal Business Development Bank offers student business loans as a component of Challenge '88, the federal government's summer employment program for students which offers loans to a maximum of $3,000 for students to operate their own small businesses during the summer. These loans are interest-free until October 3, 1988, when full loan repayment is due. Additionally, loans which are repaid in full, one month earlier (i.e., by September 2, 1988), will benefit from a $100 cash rebate when repaid from business proceeds.

To apply for a Student Business Loan, a written business plan must be prepared and a cash flow forecast and personal information sheet must be completed. These comprise the Student Business Loan Application and must be submitted to the nearest branch of the Federal Business Development Bank for assessment. FBDB last reviewed applications between April 1st and June 15th, 1988. Funding is limited and is made available on a "first-come, first-served" basis. To be eligible, students must have attended school on a full-time basis during the 1987-88 academic year, be planning to return to school in the fall and be legally entitled to work in Canada. All successful applicants between 15 and 17 years of age, inclusive, need a guarantor at the time of making loan arrangements with the bank.

The Alberta Opportunity Company established its Student Loan Program as an incentive to encourage full-time, post-secondary students to enter summer business ventures. Eligibility is limited to full-time, post-secondary or university students over 18 years-of-age. Under the AOC Student Loan Program, the maximum loan is $3000 per project. Generally speaking, AOC charges an interest rate of 2% less than its base rate. This compares to FBDB's loan which is interest free until October 3, 1988. Under the AOC program, money will be advanced to purchase fixed assets or to provide working capital.

AOC allows flexibility in the repayment schedule of the loan. Repayments will be geared to the earnings period for each individual business. In most cases, total advances must be repaid by September 30th of the same year. AOC requires a brief business plan that must

September 2, 1988), will benefit from a $100 cash rebate when repaid from business proceeds.

To apply for a Student Business Loan, a written business plan must be prepared and a cash flow forecast and personal information sheet must be completed. These comprise the Student Business Loan Application and must be submitted to the nearest branch of the Federal Business Development Bank for assessment. FBDB last reviewed applications between April 1st and June 15th, 1988. Funding is limited and is made available on a "first-come, first-served" basis. To be eligible, students must have attended school on a full-time basis during the 1987-88 academic year, be planning to return to school in the fall and be legally entitled to work in Canada. All successful applicants between 15 and 17 years of age, inclusive, need a guarantor at the time of making loan arrangements with the bank.

The Alberta Opportunity Company established its Student Loan Program as an incentive to encourage full-time, post-secondary students to enter summer business ventures. Eligibility is limited to full-time, post-secondary or university students over 18 years-of-age. Under the AOC Student Loan Program, the maximum loan is $3000 per project. Generally speaking, AOC charges an interest rate of 2% less than its base rate. This compares to FBDB's loan which is interest free until October 3, 1988. Under the AOC program, money will be advanced to purchase fixed assets or to provide working capital.

AOC allows flexibility in the repayment schedule of the loan. Repayments will be geared to the earnings period for each individual business. In most cases, total advances must be repaid by September 30th of the same year. AOC requires a brief business plan that must outline project costs and include details of projected revenue and expenses.

3.2 Sources of Financing for Young Entrepreneurs

Although chartered banks indicate that all loan applicants are treated equally, young people are usually at a major disadvantage at the outset. Traditionally, when someone applies for credit, the banks generally employ the five Cs of credit as follows:

Character -- the basic integrity and trustworthiness conveyed by the borrower

Capital -- investment (equity and shareholder loans) in the business by the borrower

Capacity -- ability to repay in the ordinary course of business

Conditions -- the economic outlook of the industry, area and the country

Collateral -- security available to ensure repayment if this cannot be done in the ordinary course of business

Usually, the most important of the five Cs of credit is character. Three other Cs enter into the equation, all of which are related to character. They are communication, credibility and confidence. Unfortunately, most young people lack in the areas of business expertise, management expertise, experience, equity, credibility and maturity. All of these factors affect a lender's assessment of the would-be borrower's character.

According to the banks, the major problem is that young entrepreneurs think banks should be risk-takers, but in essence they are not. Also, the lack of equity among young would-be entrepreneurs is a major stumbling block. Many of the major chartered banks prefer a one-to-one debt to equity ratio where young people are involved in business start-up situations.

Further, banks claim that they do not treat business proposals in northern Alberta any differently from those presented to them in the southern half of the province. However, they do indicate that the cost of granting and servicing loans in the north is higher than in the south. The travel and communication costs between chartered banks and remote communities in the north make the attainment of debt capital more difficult than it is for new business ventures in the larger urban centres to the south.

For young people between 16 and 25 years-of-age, and resident in northern Alberta with intentions of starting their own small business, the only bona fide sources of financing are their own personal savings, seed capital from friends, relatives or private sources and debt capital by way of co-signatures from parents, relatives or friends. These facts of life serve to limit the number of start-ups by young would-be entrepreneurs in northern Alberta. Further, these same factors dictate that most young people entering the business world in northern Alberta must do so via a take-over or spin-off of their parents' existing business enterprises.

4.0 A SUMMARY OF YOUTH ENTREPRENEURIAL TRAINING PROGRAMS AND EDUCATIONAL OPPORTUNITIES IN CANADA

4.1 Introduction

> . . . it is a time where students, academics, corporate executives, housewives, the unemployed and the underemployed, and people from all economic and social positions are expressing an almost consuming interest in the concept of entrepreneurship . . . entrepreneurship and small business have become romantic subjects for the masses . . . judging from the number of new textbooks, articles, magazines, journals and conferences in the field, it is also apparent that academics and researchers have found a fertile new field of activity.
>
> Dr. W. F. Kiesner
> Head, Small Business Institute
> Loyola, Marymount University,
> Los Angeles, CA.

This represents a dramatic change from the late '60s when academia generally regarded small business and entrepreneurship as an aberration that would soon disappear. The noted small business expert of the day, Joseph McGuire, made the following, by now humorous, but then widely-accepted statement:

> One of the rare commonalities shared by scholars in economics, management science and organization theory has been their almost universal lack of interest in the problems of the small business enterprise. Thus the small enterprises in the eyes of the academic community are an analogy to plain girls and acne-ridden boys at a high school dance, they are present in large numbers, but usually are unnoticed.[34]

In the last decade, academia has done a complete about-face and has accorded entrepreneurship full status. Some institutions have gone so far as to say that entrepreneurship and small businesses will grow to be the major thrust of the future in business education. However, the link between academia and the small business community is weak and the gap between them continues to widen. At last year's World Small Business Conference (ICSB, Vancouver, June 1987), small businesspeople were conspicuous by their absence. Instead, the delegates were almost totally drawn from business schools and government business development institutions. Further, business magazines and academic business journals are no longer speaking the same language as the business practitioner. According to Dr. Kiesner, a prominent researcher in this field, academics are quickly losing their chance to have a dramatic and meaningful impact on the future course and success of the world of entrepreneurship and venturing.[35] Kiesner goes on to say that academics must consider the growing research evidence that reveals an almost passionate disdain for faculty and academic institutions on the part of entrepreneurs and small business owners. He calls for academics to look around them at their next "small business," or "entrepreneurship" meeting. Again, small business owners will be conspicuous by their absence.

In the last few years, entrepreneurial conferences have focused on such things as: the lack of clean data; the lack of co-operation small businesspeople exhibit when asked to provide data; the search for new research niches in the ever competitive academic-publishing environment; and, the constant stampede to jump on the latest innovative bandwagon in the name of entrepreneurship education. In fact, the institutions that charge themselves with the responsibility for training, preparing and nurturing entrepreneurs, have lost sight of the patients. They are becoming remote and unapproachable for most would-be and existing entrepreneurs. It is against this background, that this chapter on entrepreneurial training programs, centres and educational opportunities is presented. Almost every post-secondary educational institution in the land has either implemented, or is planning, some sort of entrepreneurial or small business training program. As a result, there is a great deal of duplication, as might be expected. However, too many programs and forms of so-called assistance have been produced without regard for the real needs of the intended students and clients. Further, trainers have, for the most part, attempted to persuade the users of their new entrepreneurial and small business assistance programs to take university or college courses to become more knowledgeable. There is growing evidence that these institutions are not well-suited to the delivery of these programs, particularly outside of the big towns and cities.

Without question, the academic community can provide, and should be providing, a key leadership role in solving the problems of new venturers and entrepreneurs as they struggle to survive and succeed. Currently, people involved in business activities are not getting, or using, the research findings or the results of the informed and educated members of universities and colleges. Entrepreneurs do not know about, or perhaps even care about, what academics are ostensibly "doing for them." The current wave of professional entrepreneurial journals tends to reinforce the adage that academics are writing and researching for academics only, impressing each other with their dramatic new findings and observations.

> The perils of 'publish or perish' in academia seem to be leading to the unfortunate situation where doing the research has become an end in itself.[36]

There is a critical need for academics to translate and convert their findings to language and formats that small business owners will actually read, understand and use.

* * * *

> There is no question that both governments and academics have significant roles to play in the development and entrenchment of entrepreneurship as a career. What I do question, . . . is how effectively governments and the academic system have been fulfilling these roles.[37]
>
> The Hon. Bernard Valcourt,
> Minister of State for Small
> Businesses and Tourism, Ottawa.

Mr. Valcourt has indicated that his government has adopted the following three main objectives with regard to small business development:[38]

- to promote entrepreneurship
- to remove obstacles to entrepreneurship
- to ensure that there is a strong advocacy function with governments on behalf of this country's entrepreneurs.

Mr. Valcourt states that, far too often, federal and provincial governments' efforts at promoting entrepreneurship are undermined by those governments themselves. The most sincere political intentions too easily fall afoul of a bureaucracy which, in its zeal to implement programs to aid entrepreneurs, creates mountains of paperwork and snarls of red tape which effectively stifle the very entrepreneurial spirit they seek to promote. These obstacles stem from the fundamental difference between the operation of the bureaucracy and the operation of an entrepreneur. That is, **the bureaucracy is process-driven and the entrepreneur is results-driven**. Although this fundamental problem has been recognized by the government, solutions still need to be found. Mr. Valcourt's department has introduced one simple test that holds great promise. That is: "Is the program designed to adjust to meet the needs of the client, or is it anticipated that the client will adjust to meet the needs of the program?" Too often the second case is true. However, there is a move now to create government programs that will satisfy client needs rather than reform the client.

Federal and provincial ministers responsible for small business have asked their respective departments to compile an inventory of the various support programs provided by the federal and provincial governments for small business development and the promotion of entrepreneurship. They have found just over 400 programs nation-wide that offer some form of financial, managerial or technical assistance to small business. During the course of compiling this inventory, it was seen that there is much work to be done in refining the programs and better targeting them, particularly in some of the less prosperous and/or remote areas of the country. In addition, it became evident that more must be done to address the lack of adequate equity financing at the seed-capital stage. It was further noted that **the needs of established enterprises were completely ignored in preference to the plethora of programs designed to cater to the prestart-up and start-up phases of new enterprises**. The needs of established businesses tend to be more diverse than those of businesses just starting. Further, the transition from start-up to intermediate growth for most businesses is the most precarious and risk-laden period of the growth cycle. The challenge for governments, educators and lenders is to respond to the needs of entrepreneurs without placing unnecessary obstacles in their way.

A further challenge for governments is to avoid the temptation, typical of so many business assistance initiatives, to measure the return on its investments in the entrepreneurial youth movement in terms of jobs. Rabbior argues that it is particularly disturbing that the burden of job creation through entrepreneurial ventures is being placed on the shoulders of our youth.[46] He indicates that youth is being sent into battle ill-prepared, ill-trained and lacking in experience. Further, he states that sending youth into suicidal missions of entrepreneurship is not the cure for the serious problem of unemployment.

Another question that seems to persist, is whether entrepreneurs are born or made. The pursuit of this argument is naive and of absolutely no benefit to the entrepreneur. Entrepreneurs, like any other specialists, must have an aptitude and an interest in the area in which they delve. Unless a person has this aptitude and interest then he or she will not be trainable as an entrepreneur. Certainly, some people may be "born" with more of a flair for entrepreneurialism than others; however, this does not exclude others from entrepreneurship. The fact remains, it is the responsibility of our educational system to train entrepreneurs.

> My exposure to education was not the least bit theoretical, it was totally practical. I learned about education as a student. And during the process, I learned more about content than about skills. I learned more about other people's thoughts than I did about thinking on my own. And I learned, in too many cases, that repeating what I had heard was rewarded more highly than trying to express what I thought.
>
> The Honorable Bernard Valcourt,
> Minister of State for Small Businesses
> and Tourism.

The preceding revelation by Mr. Valcourt, neatly summarizes a fundamental inadequacy that our academic institutions have suffered as they have processed generations of students. That is, independent thinking, innovativeness, gray-area speculation (versus everything being black and white), creativity and flexibility -- or, if you will, **entrepreneurship -- have not been taught in schools**. From the earliest stages of formal education system, from kindergarten through to and including many post-secondary educational programs, people have been **trained to work for somebody else**. For many years, educational institutions have raised generations of employees. The entrepreneurial, or self-employment alternative, has not been presented as a potential career opportunity. To slightly overstate the situation, educators have been raising sheep rather than shepherds.

It is becoming increasingly obvious that high school dropouts and graduates are not aware of one very significant job alternative -- that is, to work for themselves. Thus, while it is not intended here to suggest that the formal education system suddenly adopt a major program to launch multitudes of small business operators, it is intended that those same educational institutions seriously consider a much higher profile for the subject of entrepreneurship, whether or not it be business-related.

* * * *

The research conducted for this study revealed findings that not only reinforce the dilemma that entrepreneurial educators are in but also underlined the many implications for the north. A summary of these findings follows:

- Business schools do not train individuals to be entrepreneurs but rather to be middle managers.

- It is extremely difficult to introduce new programs to the existing education structure. In most cases, suggestions for new programs are philosophically well-received but are difficult to introduce. Many interview respondents complained of quick-fixes in an inflexible system that does not allow for anything further.

- Work experience is one of the best ways of gaining practical business skills. However, in northern communities work experience programs are essentially provided by government agencies, which are the major employers. There is a need for more work experience with the private sector and for more private sector guest speakers to inform students of the entrepreneurial alternative. The ways and means of accomplishing these objectives must still be determined.

- Generally, students are not taught by entrepreneurs. In fact, students are very remote from the captains of free enterprise and capitalism except in some elite-type situations such as Shad Valley.

  Shad Valley is a unique program that draws from the top Grade XI science students across Canada each year and immerses them in the large corporate board rooms of the country for 10 days each spring. This exposure to Canada's major corporate decision-makers is a special opportunity to see "how things work" at that level. A secondary benefit is that some of Canada's brightest students, and potential future leaders, have a chance to establish important information networks. This program is certainly elitist. By far the majority of business assistance programs in Canada cater to the lowest common denominator.

- Academic institutions want to be academic. Therefore, some interview respondents, including those associated with educational institutions, suggest that schools and colleges may not be the best media for delivering the entrepreneurial message. Some suggest that entrepreneurial training might be more suited to continuing education or community college-type, after-school programs. This suggestion may well be reinforced by the fact that NAIT's Entrepreneurship Centre serves the majority of its students during evening sessions.

- There are limited time and resources available in the structured education systems of today. Therefore, it is difficult to introduce new concepts to the most captive of markets, that is, the students in the elementary and high school systems.

- Many feel that institutions like the AVCs, CVCs and community colleges should be challenged to teach entrepreneurialism today.

- If more educational emphasis is to be paid to entrepreneurship the question is whether to add to or adjust existing programs. Obviously an addition or an adjustment has implications for the rest of the system. It is expected that the hospitality and tourism industry will get much more emphasis over the next few years because of the demand for upgrading in this industry and the increased amount of leisure and recreation time available. However, institutions such as post-secondary teaching facilities cater to the status quo not to small business, the engine of economic growth. As a result, a major and dynamic shift of emphasis is required.

Entrepreneurial training has not yet found its place in the traditional education system. Educators must be more progressive and the general lack of business expertise among teachers must be dealt with in order to 'turn students on' to the entrepreneurial alternative. Unfortunately, educational institutions are not well suited to serve independent, risk-taking, entrepreneurial students. Institutions may, in fact, blunt entrepreneurial edges. Also, it may be fairly stated that teachers, as a group, are relatively conservative people. Thus, they will generally tend to reinforce a middle line that avoids risk and unique behaviour.

- Some educators feel that entrepreneurial training would have to be quite distinct and different from regular programs? regular schools? separate, but attached to formal education institutions.

- Part of the dilemma confronting change in post-secondary institutions is that funding is based to some extent on proven employment opportunities. As a result, any institution considering change would have to establish that there are business opportunities "out there" in order to secure the necessary funding.

- Entrepreneurialism must be presented to students at the elementary level, not as an alternative but as a philosophical paradigm.

- With the high drop-out rates from secondary institutions in northern Alberta, much of the captive market is lost. For instance, the Grande Prairie Regional College markets itself extensively through the high schools but high schools are the source of only about 40% of its total enrollment.[39]

- In summary, two fundamental stumbling blocks hinder the delivery of the entrepreneurial message in the existing school system. First, students are not trained to think intuitively but, rather, in a structured fashion. It appears that the chances for innovative thought decrease with the age of Canada's primary and secondary grade students. Secondly, the school system rewards winners and ignores losers. Generally speaking, effort does not receive recognition. Failure is not acceptable in our society. However, failure will become a fact of life for a great many would-be entrepreneurs. Those who are enterprising, and driven, will learn from their setbacks and strive again.

Entrepreneurs must learn confidence. This confidence can be instilled in the very earliest years of the formal education process. Some successful entrepreneurs did not do well in school, but they learned to cope with risk and failure at an early age.[40] Typically, those that fear failure find it difficult to attain any kind of entrepreneurial status. Independent thinking and a willingness to take calculated risks are often necessary prerequisites to successful entrepreneurship.

4.2 Entrepreneurial Training and Assistance Programs

Until the 1980s, entrepreneurship educators had to compete with existing programs for declining resources. However, governments are now providing funding for entrepreneurial training programs on an ever increasing basis. Governments are discovering that entrepreneurship education provides an exciting vehicle for potential economic development. However, new program spending must be justified in some way. It has always been difficult to measure the economic contribution of education. McMullan, et al. says that first you must distinguish between the two types of beneficiaries: 1) graduates and, 2) society at large.[41] Those with an education tend to earn more and be unemployed less, thus not being as much of a burden on society and at least partly, providing some return on the investment in their education. Economists focus on the returns from education in the form of economic growth and development, obviously a very complex issue. Although it is extremely difficult to measure the contribution of education to economic growth, it must be considered to be significant and positive.

Until recently, doctrine of the "survival of the fittest" dictated our thoughts with reference to businesspeople; the fittest would survive because they were better equipped to survive. In addition, as Ed McMullan has concluded: "since entrepreneurship is the essence of free enterprise, it is a natural process guided by Adam Smith's famous 'invisible hand'" -- those who survive and become rich are entrepreneurs by definition.[42] Conversely, if you fail, you failed because you are not fit to succeed. This, slightly circular, self-serving argument has ruled for some time.

Research has dispelled this philosophy vis-a-vis entrepreneurs.

- Research on failure rates has helped to quantify the risk involved.

- Research on the economic impact of innovative ventures has revolutionized government's ideas on how to develop economies.

- Research on venture capital and incubator organizations has helped to shape the decision process around these institutions.

- Research on corporate innovation and entrepreneurship is revolutionizing ideas of how to organize and run large businesses.

- Research on the characteristics of entrepreneurs shows promise for identifying high-potential candidates.

- Research on entrepreneurship education is supporting radical changes in education values and plans. In a study of 1265 former students of an entrepreneurship course at Wichita State University, a significant relationship was found between entrepreneurial education and new venture creation.[47] In a Canadian study of the perceptions of students, not yet in the market place, as to their ability to be trained as entrepreneurs, the empirical results suggest that entrepreneurship can be taught.[48] The 408 respondents to this survey indicated that the most-trainable entrepreneurial trait was independence; whereas, the least-trainable trait was creative thinking. Similarly, the most-trainable ability was the setting of goals and the development of plans; whereas, the least-trainable ability was indicated as analytic and diagnostic skills.[49]

Thus, participants in the support-the-entrepreneur revolution are slowly adjusting their preconceived and existing notions about the process. For example, the following findings have significantly affected traditional thinking:

- Job-creation potential of new enterprises is now understood.

- Research and development is more efficient in small enterprises.

- The real rates of failure are only now being discovered

- Circumstances in success or failure are becoming better understood.

- The important characteristics of entrepreneurs are known.

- Venture capital has been exhaustively studied and its limitations vis-a-vis new business start-ups are widely accepted.

- The incubator concept has revolutionized the business start-up assistance process.
- The spin-off factor is now envisioned as one of the leading sources of new economic growth.
- Corporate entrepreneurship, known as "intrapreneurship," is now recognized as a significant source of innovation in large corporations and, as a result, its existence is having a rude but necessary impact on established business schools.
- The whole realm of entrepreneurship education is suddenly undergoing dynamic changes that are bringing about complete reversals of form and thinking.

The rate at which new programs are appearing suggests that academia is poised on the verge of a massive expansion of entrepreneurship education programs. These fundamental changes must be initiated carefully and the implementers must not lose sight of the objective, the would-be or existing entrepreneur, if they expect to make a practical contribution.

> . . . to prepare Alberta's youth to handle the 21st century with confidence, Albertans must insist that the system develops not only children's intellectual capacities, but also abilities, skills and attitudes that will allow them to cope with change.
>
> Nancy Betkowski,
> Minister of Education,
> Edmonton Commerce News,
> April 1988.

In northern Alberta, business administration instruction is available through:

Fairview College;

Keyano College;

Grande Prairie Regional College;
Athabasca University;
AVC Lac La Biche;
AVC Grouard; and,
CVC Slave Lake.

There is a growing movement among these institutions to create more and greater entrepreneurial training programs. However, there is some concern that educational institutions may weed out the independent risk-takers -- entrepreneurial types may not stick it out in formal education systems. Indeed, educational institutions may blunt the entrepreneurial edges. Business school curricula are structured, unimaginative and based on providing a threshold-level business education to students so that they can "get a job working for someone else."

Business knowledge and savvy are not offered in the schools. However, proven entrepreneurs who can demonstrate an ability to communicate their thoughts and ideas could be given the opportunity to attempt to impart their "street-wise" knowledge of operating a business to the most willing of all audiences, evening school participants. Many successful entrepreneurs did not do well in school; but, they learned to cope with risk and failure. Those that fear failure can't do it. We need to encourage the dropouts. It has been estimated that a substantial number of high school dropouts in northern Alberta come from groups that are attaining satisfactory marks with which to continue their education. However, many of them are choosing to opt out of the structured educational system for a variety of reasons.

4.3 Entrepreneurship in the Northern Environment

Stimulating entrepreneurial development in less-fortunate and isolated regions, common to Alberta's and Canada's north, is much more challenging than in areas to the south. Such assistance as small business incubators, entrepreneurship development centres and government-sponsored business counselling are generally not that accessible to northerners, particularly those in remote communities. Since an entrepreneur is generally one who organizes, manages and assumes the risk of a business, then it should not be surprising that extensive business incentive grants, re-training money and business counselling services fail when offered to people with limited management skills and little or no risk involvement. These forms of assistance do not train entrepreneurs, they simply aid and abet the start-up of a business.

Part of the development process for entrepreneurs should be the fostering of entrepreneurial attitudes towards business ownership. This calls for a weaning process wherein the owner loses the "9-5 regular paycheck mentality" and starts to look at his/her business as a personal investment in time and money; a total commitment to the preservation this business.[43]

Ontario Premier, David Peterson, chaired a Conference on Northern Competitiveness in 1986 in Sault Ste Marie, Ontario. This Conference was initiated partly because northern Ontario has a record of business starts that is only half of the provincial per capita average. Big industries, once the major employer in the region, are hiring fewer people leaving a void that is slow to fill. As a result of the Conference, a committee was formed to consider entrepreneurial development. The committee saw three possible options: 1) Train people to start and run small businesses. This idea, however, was discarded. There were several institutions that teach this, yet the problem persists. 2) Create lists of business opportunities in various areas. This too was scrapped because lists already existed and lists do not course change. 3) Focus on the development of a culture that supports small enterprises.

Life in Ontario's north has been dominated by big business, big unions and big government, resulting in a psychology of dependence. The north is full of entrepreneurial opportunities, but northerners have relied on the big institutions to take care of their lot. They have not had to take entrepreneurial risks. Local institutions are not sufficiently supportive of business development and entrepreneurship. Thus, cultural change became the main goal of a series of workshops, culminating in a major conference on northern business and entrepreneurship.

Importantly, the northern Ontario example has direct applications to Alberta's north. In the northern Ontario case, northerners understood what was wrong and what needed to be done to improve their economy. What they needed was a forum to pull their thinking together to understand the problems and identify solutions. Northern Albertans need to congregate in order to define their needs and subsequently to participate in the design process to create entrepreneurial assistance programs that will directly cater to their needs.

Northern Ontario's economy is resource-based with most large companies in the north supplying their needs from outside the region and, in some cases, from outside the province. The government appears to be very remote and difficult to access. Schools in the north and elsewhere build on the psychology of dependence and do not support entrepreneurship as a career possibility. Many northern communities also lack adult education facilities to meet the needs of small business education. Further, the enormity of the north has created difficulties in transportation and communication. These problems have their counterpart in Alberta's north.

4.4 Overview of Entrepreneurial Training and Assistance Programs in Canada

The following overview of entrepreneurship education and assistance in Alberta and the rest of Canada is restricted to programs that appear to have, or do have, direct applicability to Northern Alberta's needs. A more comprehensive description of the programs is found in an appendix to this study, produced under a separate cover.

The research phase for this chapter was largely conducted via the telephone, literature reviews and personal interviews. This research shows that many entrepreneurial assistance programs are being introduced, are already available, or are being contemplated across Canada. Sadly, a great deal of duplicated effort is seemingly wasted in different areas of the country where independent public bodies are developing entrepreneurial assistance programs in isolation, completely oblivious of each other. A communications network is required to provide information about this rapidly burgeoning field. A co-ordinated effort would lead to a much more efficient and appropriate combination of assistance programs for would-be and existing entrepreneurs in Canada.

Only those entrepreneurial assistance programs with potential for total or partial adaptation to northern Alberta are included in the following overview. Also, many existing programs can be categorized by type. That is, some programs are directed at linking venture capitalists to investment opportunities whereas, other programs are directed at providing entrepreneurial basics to high school students. Wherever possible, a representative program for each of the various types that are offered, is all that is included in the overview. Thus, this overview is not intended to be a comprehensive listing of every form of entrepreneurial assistance available in Canada. Rather, it is intended to be a representative sampling of the kinds of assistance available to young entrepreneurs in particular, across Canada.

The format for the program overview is as follows:

1. Each program is identified by its program name.
2. A short program synopsis is provided with enough information to describe the basic purpose of each program.
3. The jurisdiction is provided to establish the geographical area in which the program is administered.

A STUDY OF THE YOUTH OF NORTHERN ALBERTA AND ENTREPRENEURSHIP

SUMMARY OF ENTREPRENEURIAL
TRAINING, ASSISTANCE AND EDUCATIONAL PROGRAMS
IN CANADA

PROGRAM NAME	PROGRAM SYNOPSIS	JURISDICTION
CENTRE FOR ENTREPRENEURSHIP	The purpose of the Centre for Entrepreneurship at NAIT is to develop and deliver highly practical business training programs and courses.	Alberta
CENTRE FOR ENTREPRENEURSHIP	The discontinued Centre for Entrepreneurship program at Keyano College was very much like NAIT's, however, it stressed business flexibility and diversification.	Alberta
MANAGEMENT ASSISTANCE PROGRAM	The Management Assistance Program provides professional consulting to existing businesses on a community-wide basis.	Alberta
MARKET DEVELOPMENT ASSISTANCE PROGRAM	MDAP provides assistance to existing Alberta businesses wishing to enhance their export potential.	Alberta
PRODUCT DEVELOPMENT PROGRAM	This program is intended to assist manufacturers in developing innovative new products or to improve the design and quality of their existing products.	Alberta

A STUDY OF THE YOUTH OF NORTHERN ALBERTA AND ENTREPRENEURSHIP

SUMMARY OF ENTREPRENEURIAL
TRAINING, ASSISTANCE AND EDUCATIONAL PROGRAMS
IN CANADA

PROGRAM NAME	PROGRAM SYNOPSIS	JURISDICTION
ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION	AADC is a crown corporation involved in both direct-lending and loan guarantee programs to Alberta farmers and agri-businesses.	Alberta
EXPORT TRADE READINESS FOR ALBERTA (EXTRA)	EXTRA provides professional management consulting services in the area of exporting to businesses on a community-wide basis.	Alberta
CANADA-ALBERTA SUBSIDIARY AGREEMENT ON AGRICULTURAL PROCESSING & MARKETING	This Agreement offers capital assistance to encourage investment in the establishment, expansion and modernization of agricultural processing operations, testing and research facilities; and, non-capital assistance to help processors undertake feasibility studies or research in development projects.	Alberta
THE BUSINESS LINE	The Business Line is a new toll-free business information telephone service for Alberta businesses.	Alberta
CANADA/ALBERTA TOURISM SUBSIDIARY AGREEMENT	This five-year program provides incentives to encourage new private sector investment in Alberta's tourism industry.	Alberta
ALBERTA SMALL BUSINESS INCUBATOR SUPPORT PROGRAM	This program is designed to assist communities with the development and initial operation of small business incubators.	Alberta
ALBERTA YOUTH EMPLOYMENT & TRAINING PROGRAM (AYETP)	AYETP has two elements: youth work experience and training; and, post-secondary internship and training. This program provides wage subsidies and career counselling.	Alberta
THE ALBERTA BUSINESS & COMMUNITY DEVELOPMENT PROGRAM (AbCD)	ABCD provides funding that supports business and community development. Projects must provide full-time employment for at least three persons.	Alberta
NORTHERN DEVELOPMENT SUBSIDIARY AGREEMENT	The Agreement offers assistance in three key areas: expansion of the diversity of economic development in the north; increased access to employment opportunities for northerners; and, improvement of business/industry viability through development of regional and community infrastructure.	NADC Area

A STUDY OF THE YOUTH OF NORTHERN ALBERTA AND ENTREPRENEURSHIP

SUMMARY OF ENTREPRENEURIAL TRAINING, ASSISTANCE AND EDUCATIONAL PROGRAMS IN CANADA

PROGRAM NAME	PROGRAM SYNOPSIS	JURISDICTION
ENTREPRENEURSHIP & NEW VENTURE DEV'T. PROGRAM	This Program is available to MBA students with ambitions to become entrepreneurs at the faculty of management, University of Calgary, with ambitions to become entrepreneurs.	Unlimited
THE NEW VENTURE DEVELOPMENT GROUP	The New Venture Development Program uses the resources at the University of Calgary to support new and growing business ventures.	Unlimited
PEACE ARCH PROJECT	The Peace Arch Project was developed to enhance the level of co-operation, communication and local contract-letting among several oil companies, government agencies and the communities of the Peace Arch region.	Peace Arch Axis of Northern Alberta
ALBERTA ENTREPRENEURS ASSOCIATION	This Association is a non-profit organization that hopes to achieve its goals of providing information to its membership through lectures, seminars and workshops, as well as facilitating the establishment of networks among its members.	Alberta
JUNIOR ACHIEVEMENT COMPANY PROGRAM	This Program allows Grade 11 and 12 high school students to form and run their own companies through a 26-week life cycle.	Canada
JUNIOR ACHIEVEMENT PROJECT BUSINESS	This Program brings the world of business and its unique terminology to Grade 8 and 9 students.	Canada
JUNIOR ACHIEVEMENT BUSINESS BASICS	This new economics program has been designed to teach Grade 5 and 6 students about the basic fundamentals of business.	Canada
COMMUNITY CONSORTIA PROGRAM	Community Consortia are voluntary associations of post-secondary institutions and agencies which co-operate with each other in local communities to provide credit programs to local residents. They are established in five areas of the province not in close proximity to an existing post-secondary institution.	North Peace Adult Educ. Consortium Pembina Education Consortium Yellowhead Educ. Consortium
MINI-UNIVERSITY and SUMMER YOUTH UNIVERSITY	These programs are directed at providing young students with exposure to university-level courses. The programs have great potential for providing entrepreneurial education to the same target groups.	Unlimited

A STUDY OF THE YOUTH OF NORTHERN ALBERTA AND ENTREPRENEURSHIP

**SUMMARY OF ENTREPRENEURIAL
TRAINING, ASSISTANCE AND EDUCATIONAL PROGRAMS
IN CANADA**

PROGRAM NAME	PROGRAM SYNOPSIS	JURISDICTION
YOUTH ENTREPRENEURSHIP PROGRAM	This planned program is directed at providing entrepreneurial skills to high school students.	Unlimited
THE UNCONVENTIONAL INVENTION CONVENTION	This program is directed at Early Childhood education and Grade 1 students with a goal of encouraging creative thinking.	Fort McMurray Catholic School Board Students
BUSINESS COURSES & ENTREPRENEURIAL TRAINING	A variety of business courses in entrepreneurial training are offered to northern Alberta residents by the following institutions: - Athabasca University - University of Alberta - Northern Alberta Institute of Technology - Westerra Institute of Technology - Fairview College - Grande Prairie Regional College - Grant MacEwan Community College - Keyano College - Lakeland College - Alberta Vocational Centre - Grouard - Alberta Vocational Centre - Lac La Biche - Community Vocational Centre - Slave Lake	Unlimited
YOUTH BUSINESS START	This program was a component of the Manitoba Jobs Fund until recently. It offers a direct subsidy for 18-24 year olds to get into business.	Manitoba
OKANAGAN COLLEGE MOBILE COMPUTER LAB	This mobile computer classroom conveys 12 individual computer stations and excellent instructional facilities to communities in the B.C. interior.	Okanagan Valley, British Columbia
MARLBOROUGH COLLEGE	This private school has an objective of producing people who would start their own businesses by teaching them to be entrepreneurial.	Unlimited
ENTREPRENEURIAL SKILLS CERTIFICATE PROGRAM	This evening program, administered by the Okanagan College, is an intense and comprehensive short course that allows students to produce their own business plans as a final product. The program emphasizes career growth, life style employment, personal gain and self-satisfaction.	Unlimited

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SUMMARY OF ENTREPENEURIAL TRAINING, ASSISTANCE AND EDUCATIONAL PROGRAMS IN CANADA

PROGRAM NAME	PROGRAM SYNOPSIS	JURISDICTION
SMALL BUSINESS INCUBATORS (e.g., Pasadena, Nfld.)	Small Business Incubators are designed to nurture new small businesses in a protected environment.	Newfoundland
BUSINESS RESOURCE CENTRES	This program consists of highly visible, store-front business resource centres that are capable of providing operating and marketing information kits for over 240 different kinds of businesses.	Saskatchewan
NORTHWEST ENTERPRISE CENTRE	This Centre intends to improve the performance of those already in small business and accelerate the rate at which small business people mature as entrepreneurs.	Ft. Francis, Ont. Thunder Bay, Ont.
CREATING ENTERPRISE FOR WOMEN (CREW)	CREW is designed to assist women who are considering business ownership as a career option. It provides an opportunity for women to explore business life while developing both the life skills and the business skills necessary to create a workable balance between business and family goals.	Northwest Ontario
ENTERPRISE CENTRE	The key elements of this program comprise two high school courses and the opportunity to set up a real business and make money. The course content is based on the provision of entrepreneurial skills and self-confidence; and, a separate small business incubator facility has been established to facilitate the spawning of new businesses.	Dawson Creek, B.C.
SOCIETE D'INVESTISSEMENT JEUNESSE	This program, delivered by a non-profit corporation, is centred around a loan guarantee program for starting up a business. The objectives of this program are to foster the creation of jobs for young people and facilitate young persons wishing to establish their own small businesses.	Quebec
ENTREPRENEURSHIP NORTHWEST	This 28-month project has two key objectives: 1) the testing, demonstration and documentation of an inter-jurisdictional mechanism that facilitates the process of institutional and inter-governmental collaboration on the delivery of distance education in entrepreneurship; and, 2) the application of a systematic procedure to collectively plan, design, develop and pilot-test a distance education program in entrepreneurial training.	N. Manitoba N. Sask. N. Alberta N. B.C. The Yukon N.W.T.

A STUDY OF THE YOUTH OF NORTHERN ALBERTA AND ENTREPRENEURSHIP

SUMMARY OF ENTREPRENEURIAL TRAINING, ASSISTANCE AND EDUCATIONAL PROGRAMS IN CANADA

PROGRAM NAME	PROGRAM SYNOPSIS	JURISDICTION
GRADUATES-IN-BUSINESS	The objective of this program is to accelerate the identification and start-up of new small businesses appropriate to the environment of P.E.I. and thereby create needed additional job opportunities. It is directed at university and college graduates.	Prince Edward Island
VENTURE LINK	Venture Link is a formation of Informal Venture Investors who are interested in investments up to $500,000. A monthly venture link newsletters provides promising investment opportunities and the advice and experience of financial experts.	Canada
STUDENT VENTURE CAPITAL	Full-time Ontario students, returning to school in the fall, over the age of 15 years, get an interest-free loan of up to $3000 to start a summer business.	Ontario
YOUTH VENTURE CAPITAL	This program offers interest-free loans, up to $7500., to young would-be entrepreneurs who wish to start their own independent businesses. The loan program is guaranteed by the province of Ontario and is interest-free for one year.	Ontario
DEVELOPMENT OF ENTREPRENEURS	This program consists of 2 courses in entrepreneurship that are being offered to students in Grades 11 and 12 in Ontario. The courses offer students the opportunity to assess their personal interest in, and aptitude for, entrepreneurial activities.	Ontario
UNIVERSITY CENTRES OF ENTREPRENEURSHIP FOR ONTARIO	This program is directed at involving academics in the surge in economic growth and job creation in Ontario that has occurred over the past few years. It is to be based on 6 university/college campuses.	Ontario
SMALL BUSINESS OFFICE "HOT-LINE" SERVICE	The DRIE "hot-line" service consists of a 24-hour per-day hot-line phone number that may be called collect. The hot-line service provides information and advice on government programs and services that deal with starting and expanding small businesses.	Canada

A STUDY OF THE YOUTH OF NORTHERN ALBERTA AND ENTREPRENEURSHIP

SUMMARY OF ENTREPENEURIAL
TRAINING, ASSISTANCE AND EDUCATIONAL PROGRAMS
IN CANADA

PROGRAM NAME	PROGRAM SYNOPSIS	JURISDICTION
FBDB BUSINESS MANAGEMENT SERIES	This FBDB program consists of either 3 or 7 hours of seminars relating to the start-up and management of small businesses.	Canada
BUSINESS INFORMATION CENTRES (BIC)	Similar to the "hot-line" service, this service has an 800 telephone number and a 24-hour business counselling service.	Canada
COMMUNITY BUSINESS INITIATIVE (CBI)	This program, for existing businesses only, involves up to 32 businesses in a series of 10 workshops that are followed up by personal counselling sessions with FBDB business analysts.	Canada
ENTERPRISE PLANNING SYSTEM	The emphasis of this program is on building better access to local services in order to meet an entrepreneur's individual requirements. The program is supported by a wide range of customized packages and programs designed to assist the entrepreneur at every stage of a new business development. The Enterprise Planning System is a network of consultants, professionals and experienced entrepreneurs available to individual communities as a means to assist local businesses with viable ideas.	Canada
YOUTH ENTERPRISE CENTRE	The YMCA's Youth Enterprise Centre is an innovative concept for assisting young adults to create their own employment opportunities by starting small business enterprises in an incubator-type facility.	Canada

4.5 Potential Applications for Northern Alberta

The provision of entrepreneurial training and education programs in northern Alberta centres around the challenges of delivery. As with all other programs, the delivery of services and goods demanded by residents of northern Alberta are not always as straightforward as they at first appear. The challenges are transportation and communications. All too frequently, the level of service declines directly with the population of the recipient target group. In other words, the delivery of consumer goods and services in the north varies inversely with the cost per unit. This is particularly true business and social services.

The key word for the delivery of entrepreneurial educational and training programs in northern Alberta is flexibility. Any program that satisfies the following prerequisites is worthy of serious consideration:

1. Flexibility of delivery.
2. Content flexibility that can vary with demand and geographical location.
3. Delivery mechanism flexibility (i.e., the product can potentially be delivered through a variety of media, such as face-to-face, through a telecommunications system or out of the back of a van).
4. Efficiency. The cost-per-unit of delivery must not vary substantially as the number of potential users declines with distance from the supply source.

Of the programs reviewed, several have potential applications in whole, or in part, to northern Alberta. The following list identifies programs that are appropriate in whole or in part for satisfying some aspects of the demand for entrepreneurial development assistance in northern

Alberta. Substantial modifications would have to be made in some instances.

Entrepreneurial Assistance Programs For Consideration in Northern Alberta

- Entrepreneurial Centres -- NAIT, Keyano College
- Business Development Centres -- Community Futures
- Graduates-in-Business -- P.E.I.
- Youth Business Start-Up -- Manitoba
- Entrepreneurship Northwest -- Athabasca University
- YMCA Youth Enterprise
- Junior Achievement -- All three components
- The Mini-University Concept -- University of Calgary
- Development of Entrepreneurs -- Ontario High Schools
- Enterprise Centre -- Dawson Creek
- Community Business Initiative (CBI) -- FBDB
- The Unconventional Invention Convention -- Ft. McMurray
- A Business Proposal/Financial Sources Linking Mechanism
- Student Venture Capital -- Ontario
- Youth Venture Capital -- Ontario
- An Integrated Networking Facility
- Mobile Business Counselling Services
- Career Days

The exact nature of the target audiences for these programs is dealt with in Chapter 6. Once the target markets have been established, then modified versions of the appropriate programs can be recommended for the audiences. Rather than re-inventing the wheel, it is suggested that the most applicable components of the above programs be adapted for the needs identified in northern Alberta.

5.0 AREAS OF SUCCESS AND FAILURE COMMON TO YOUNG ENTREPRENEURS

5.1 Areas of Success Common to Young Entrepreneurs in Northern Alberta

During the research for this study, a Shad Valley student was interviewed in Dawson Creek. Although the Shad Valley approach is certainly elitist (selecting the top science and technical grade 11 students from across Canada each year) and providing them with the opportunity to interact with senior chief executive officers of major corporations in Canada for one week) the experience has led to a significant finding. That is, during the course of the Shad Valley week, the students have such an active and busy schedule that they get only about 3 hours sleep per night. To their surprise, they discover they are easily able to handle all the effort with so little sleep. Clearly, the capacity of young people to apply themselves for long hours is far greater than they themselves realize.

The Shad Valley program has three very important components. First, the participants are able to interact with many of the "Who's Who" of Canada's corporate elite. Secondly, the students can initiate the foundation for a national network of young achievers and corporate executives -- an invaluable tool for the future. This network building is considerably enhanced in the year following the Shad Valley experience by free use of the CN/CP telecommunications systems for all participants. Thirdly, the students learn to channel their high energy levels and use them in the most productive ways; they also learn to speak and think "on their feet" in a challenging and somewhat singular environment.

In a great many cases, the most important asset young people bring to an entrepreneurial exercise is drive and energy. What they lack in business maturity, skills and experience, they compensate for with this extraordinary energy.

Young entrepreneurs are also relatively uninhibited in the areas of planning and creative thinking compared to their older counterparts. Most do not have the extra burdens of family, mortgage, off-spring education and recreation, insurance and so on to influence their business planning activities. This flexibility allows them to be much more aggressive. In fact, most interview subjects in northern Alberta exhibited aggressive growth characteristics curtailed only by parents and funding constraints.

Thus, while young entrepreneurs usually do not have access to vast amounts of money, and in most cases to complete freedom of choice in their business planning, their drive and energy, unencumbered thinking, and sometimes pure ignorance of the consequences of poor decisions allow them to steamroll ahead with a "death before dishonor" kind of approach to operating their businesses. This kind of attitude often allows them to overcome obstacles that might otherwise be formidable.

Most young entrepreneurs in northern Alberta are involved in retail business. In a great many cases, these young people are either taking over the business of their parents or are operating a spin-off of their parent's business, sometimes in a community remote from the source. It is often evident, that the young entrepreneurs have a certain amount of influence over existing and traditional retail practices. Some refreshing and perhaps unorthodox innovations are often introduced into a youth-operated business. Further, young entrepreneurs tend to attract their peers as their customers. This is fortunate. The buying power in today's society is continually shifting down the population pyramid. Thus, young entrepreneurs have a tendency to influence older and more seasoned business operators. This must be viewed as a positive influence by the business community at large.

Comments made by three very successful young entrepreneurs from British Columbia emphasize some basic prerequisites to success for young entrepreneurs:

> "It has nothing to do with luck, just hard work."
>
> ". . . youth is wasted on the young" said George Bernard Shaw (all that energy and potential is rarely applied to something constructive like starting and running a business)
>
> "Business isn't a lottery. You can't expect to get rich overnight."
>
> "The key ingredients to success are to be passionate and intense about what you're doing, really enjoy it, and have a reasonable set of expectations."
>
> "There aren't as many barriers to success as people think there are."
>
> "I don't think everyone could have done this. Most people my age just don't want to work that hard -- seven-day work weeks are not uncommon."
>
> ". . . most people don't want to put themselves on a limb like I do."
>
> "But self-employment has its downside . . . I've lost touch with old friends. I haven't had a real social life for a long time."

> "People don't take you seriously until you're in your 30s . . . I overcame this obstacle by doing everything I'd said I'd do."

5.2 Pitfalls Encountered by Young Entrepreneurs

The interviews conducted during this study revealed several pitfalls to which young entrepreneurs are susceptible. Not surprisingly, the words of wisdom from young entrepreneurs are closely related to the findings identified below:

1. Young entrepreneurs undertake little or no long-term planning. Their ambitions centre around making money in the short-term. Generally speaking, they don't anticipate being in their present business too long. However, most, if not all have discovered that self-employed business is the place for them to be.

2. A significant pitfall for young entrepreneurs is their poor access to debt capital. This restricts growth and innovation and leaves the business vulnerable to mistakes. Young entrepreneurs end up financing their mistakes out of their equity and seed capital. This is a dangerous situation for a young business operator inasmuch as most of their business operations are financed in this manner.

   The interview subjects were asked to rate themselves on this general business acumen using a scale of 1 to 5, with 5 being the highest. The average rating for all of the interview subjects was 3.75. The vitality and invulnerability of youth is evident in the ratings they applied to themselves as opposed to the maturity and realities of life that the older segment of the business population has. Based on the interview findings, the average self-defined business acumen rating for northern Alberta's young entrepreneurs is significantly higher than it should be. However, as stated earlier, this high level of confidence in their own abilities is one of the biggest assets young entrepreneurs have.

3. Unfortunately, the school of hard knocks can be avoided by a great many youth entrepreneurs. In most retail situations, young entrepreneurs are taking over a family business. Most young entrepreneurs learn as they go but they have a cushion that many of their competitors don't have -- their parents. This can lead to bad habits and casual decision-making. There is a certain lack of accountability and, as a result, their business acumen is not quite as high as it could be. This refers to the average case, and there are exceptions to the rule; however, when entrepreneurial educational and training programs are prepared, they must be prepared for the average case.

Since young entrepreneurs often have the protection of a co-signing, risk-sharing parent or other mentor, they are somewhat protected. It was found that very few young entrepreneurs were operating completely alone. Most had at least a semblance of an umbilical cord to their supporting mentors. Thus, the mentor-to-young entrepreneur system that is most commonly found is, in fact, a form of small business incubator. This system provides a certain level of protection but the sudden loss of this crutch could be detrimental to the continued well-being of the young entrepreneur's business. A concerted effort should be made to wean young entrepreneurs away from too much dependence on their mentors as soon as possible.

6.0 STIMULATING A GREATER AWARENESS OF THE ENTREPRENEURIAL ALTERNATIVE AMONG NORTHERN YOUTH

6.1 Defining the Target Markets

For the purposes of this study, youth entrepreneurs have been defined as individuals who are under 25 years of age who are carrying on a business. However, it has been established during the course of this study that the under-25-year-old segment of the northern Alberta population can be further segmented by their requirements for entrepreneurial training and for small business start-up and continuance assistance. That is, there is a difference in the needs of the various population sub-groups when it comes to the entrepreneurial movement.

It is evident that entrepreneurialism and business management acumen, which are two different although related entities, are not being taught to any great extent by established schools up to and including grade 12. Further, most post-secondary education business schools prepare students to be employees and middle managers rather than employers and business owners.

To further complicate matters, there is an unacceptably high dropout rate from northern Alberta's high schools with the result that the number of potential target audiences becomes even more fragmented. For instance, the subject of entrepreneurialism could be separately and uniquely addressed to the following target groups:

- Grades 2 to 7 (7 to 12 year olds)
- Grades 8 to 10 (13 to 15 year olds)
- Grades 11 and 12 (16 to 18 year olds)

- High School Dropouts (16 to 19 year olds)
- Post-secondary Institution Graduates (19 to 25 year olds)
- Post-secondary Institution Dropouts (19 to 25 year olds)
- Actively Employed Youth (16 to 25 year olds)
- Unemployed Youth (16 to 25 year olds)
- Existing Youth Entrepreneurs, Operating Their Own Businesses (16 to 25 year olds)

There are a number of target audiences for the self-employment, small business operator message. To be efficient, any assistance program must address the different groups in different ways; but, to be effective at the same time, the message must deal with the fewest number of varieties that will satisfy the greatest number of potential users. Thus, it is recommended that the following groups be targeted for entrepreneurial and/or self-employed, business education and assistance programs.

Group 1: **Elementary School Children**
  1.1 K and Grade 1
  1.2 Grades 2 to 9

Group 2: **High School Students**

Group 3: **The Employed, Unemployed and Under-Employed**
  1.1 High School Dropouts
  1.2 Post-Secondary School Dropouts
  1.3 Unemployed and Under-Employed
  1.4 Post-Secondary School Graduates
  1.5 Employed and Self-Employed

6.2 Reaching Northern Youth

Northern youth (here defined as individuals between 5 and 25 years of age) can be subdivided into two simple categories: those who are in school and those who are not. Young people enrolled in full-time educational programs might be termed a captive audience. All those not enrolled in full-time educational programs are widely scattered, involved in many different activities, practice a wide variety of congregational and communications behavior, are much more mobile than any other segment of society and cannot necessarily be brought together in one place to receive the message.

The obvious way to reach the captive audience is in the schools. The most efficient way of reaching the non-captive segment is probably through their preferred medium: the radio. As difficult as reaching northern youth may first appear, the methods for doing so are surprisingly simple and should not be made more complicated than they are. There is no doubt that business education and the entrepreneurial message can be easily delivered to the captive members of young society in northern Alberta. Although it is less obvious and seemingly more hit and miss, the radio is the proven communications medium for young people out of school.

A wide variety of institutions, special events and communications techniques are available in northern Alberta for delivering the entrepreneurial and business assistance message. The following list identifies ways and channels for accomplishing this task:

1. School Programs
    - Elementary Schools
    - High Schools
    - Colleges
    - Universities
    - Extension Departments

- Athabasca University
- Northern Alberta Institute of Technology
- Fairview College
- Grande Prairie Regional College
- Keyano College
- AVC Lac La Biche
- AVC Grouard
- CVC Slave Lake
- North Peace Adult Education Consortium
- Pembina Educational Consortium
- Yellowhead Region Educational Consortium
- Grant MacEwan Community College

2. Distance Learning Development Centre (DLDC)
3. Conferences
4. Workshops/Seminars
5. Service Clubs -- Kiwanis, Lions, Elks, Kinsmen, etc.
6. Business Associations
    - Chambers of Commerce
    - Junior Achievement
    - Business Revitalization Zones
    - Downtown Business Associations
7. Youth Clubs -- 4H Clubs, Native Youth Friendship Centres
8. Peace Arch Project
9. Government Departments and Crown Corporations
    - Alberta Opportunity Company
    - Provincial Treasury Branches and Agencies
    - Agricultural and Development Corporation
    - Federal Business Development Bank
    - Department of Economic Development and Trade
    - Native Secretariat
    - Northern Alberta Development Council, etc.

10. Media
    - Radio
    - Television
    - Newspapers (success stories)
    - Selected Magazines and Journals

Some basic prerequisites to the delivery of the entrepreneurial message should be established. First, the use of success stories is recommended. That is, young people talking to young people is more likely to succeed than if one generation is talking to another. Further, when addressing students, particularly in the elementary grades and early grades of high school, the message must also be delivered to their parents. This is most important.

Networking is both a concept and a specific activity which, if understood and successfully implemented, can have a significant, positive impact on entrepreneurial businesses.[45] In business, networking means seeing to it that practical information about similar business needs or customer's desires get communicated to all affected businesses so they can take action. Networks can be established with peers, suppliers, customers, educational institutions, public and private sector business counsellors, financial institutions, accountants, lawyers, family and friends, and even the competition. By being "connected" into a human network of contacts and information relevant to his or her business, the entrepreneur can be better positioned to exploit the marketplace. It is extremely difficult to conduct a business successfully in complete isolation from a network. Networks must be established and used effectively in order to expose the entrepreneur to other ideas, sources of support, sounding boards and mentors.

Those who wish to deliver the entrepreneurial message to the young people of northern Alberta must use established networks, in reverse if you will, to reach their target audiences.

Would-be entrepreneurs must learn networking. They must be able to interact and brainstorm with their peers. For the unemployed there are no networks. Notices in government offices, with the exception of employment offices, will not reach this group. Further, these unemployed people are widely scattered and often too transient to allow for efficient delivery of the message. Thus, it is necessary to resort to the medium that they use -- the radio. Also, some effort must be made to provide realistic messages for this target group. More research must be done about the target audience and a more sensible approach must be taken to addressing that audience. For instance, it is difficult for most unemployed young people, particularly those in remote areas, to relate to a Dianne Jones Konahowski or a former successful rodeo cowboy making a successful transition from their high profile backgrounds into regular and steady employment. Surely, the message of perseverance and diligence which seem to underlie these ads can be delivered more effectively to the audience that must be addressed here.

It has been demonstrated in Fort McMurray, with the Mini-University program, that a post-secondary 19-year-old school student is enjoying a great deal of success addressing high school students about the concept of the Keyano College, Catholic and Public School Board, Mini-University Program in Fort McMurray. This is not an isolated case. Educators and other providers of entrepreneurial and business assistance are urged to use young voices to reach young ears wherever possible.

7.0 FUTURE DIRECTIONS

Summary and Conclusions

At the beginning of this decade, the word entrepreneur was rarely heard. Today, as the 1980's draw to a close, this might well be called the age of the entrepreneur. In the past few years, governments, educators, business consultants, business psychologists, economists, writers, and the man on the street, have all become experts on entrepreneurialism. Where did all of this sudden expertise come from? It may be safely stated that, in fact, the level of expertise and assistance is lagging somewhat behind the entrepreneurial parade.

The essence of entrepreneurship is the identification of opportunities. The basis of entrepreneurial assistance efforts should be the provision of a leverage mechanism to both provide entrepreneurial opportunities and support would-be entrepreneurs to achieve their potential. The focus of education and training programs, in particular, should be to prepare individuals so that when potential opportunities arise, they will be well-equipped to address them in an entrepreneurial way. Further, entrepreneurialism must be seen in its correct position in the overall scheme of things. For instance, as was established earlier, entrepreneurship should not be seen as the primary vehicle for creating jobs in the future.

The needs of the typical entrepreneur, for business counselling and guidance, and for financing, are the two fundamental needs that must be addressed if the various educators, trainers and investors involved in the economic system wish to be of tangible help. Programs directed at entrepreneurship development should possess the necessary mechanism to identify talent: potential entrepreneurs are found in all walks of life and every effort must be made to communicate with the broad spectrum of society so that every interested individual receives the opportunity to realize his or her own potential. Also, entrepreneurial development programs should be designed so that those people that do participate are able to determine whether or not they have what it takes to be an entrepreneur.

As has been previously mentioned, the Province of Ontario's, Ministry of Education is currently developing two single credit courses in entrepreneurial studies for Ontario high school students with implementation likely to begin in September, 1988. The Ontario Minister of Education has recognized the broad potential benefits possible from the study of entrepreneurship. As a result, their proposed courses do not deal wholly with the subject of "how to set up and run a small business." The intent in Ontario is to focus on the motivation behind entrepreneurship; approaches to identifying and assessing opportunities; methodologies for formulating and testing ideas; the planning of entrepreneurial initiatives; and, the implementation and management of these initiatives. A tall order. In particular, the study of entrepreneurial motivation presents some significant challenges. This must be termed a "gray" area that has not been thoroughly researched, let alone taught. Nevertheless, the Ontario initiative is to be applauded as a step in the right direction. It is a program that bears watching.

It has been fairly well established by now that entrepreneurial skills can be taught. Certainly, some individuals will display more of a natural entrepreneurial flair than others, but entrepreneurialism can be taught. But, the approach to educating entrepreneurs must be modified.

Throughout North America, the work in entrepreneurship education is focussed on how to put together a business plan. There are, by now, libraries full of guides to constructing a business plan. However, teaching techniques and strategies have virtually been ignored. Entrepreneurship is behavioural as well as skillful. Rabboir points out that it requires entrepreneurial methods to teach youth to be entrepreneurial. The spirit of entrepreneurship is contagious and it should flow directly through the nature and actions of the instructor to the student. Entrepreneurial training must be creative and it must build confidence in the would-be entrepreneur. Importantly, entrepreneurship education must create an atmosphere whereby students can throw off the tight and formal reins of structured thinking that have been instilled in them by the school system. They must be taught to question, find the gray areas, brainstorm, invent and adapt. Free, unstructured thinking must be the order of the day for entrepreneurial training.

Entrepreneurship development programs must also be able to provide an environment that will increase the chances for success for the participants involved. This environment can be enhanced with sound business counselling, technical training and exposure to those who have gone before. Finally, of course, entrepreneurship development ultimately hinges on access to financing. Generally speaking, the established financial institutions in our society are not risk-takers. The majority of risk capital comes from private sources, particularly in the case of the start-up business with an untested entrepreneur.

* * * *

The particular emphasis in this research has been young entrepreneurs and would-be entrepreneurs, defined as under 25 years of age for the purposes of this analysis. It has been established during the course of this study that it is necessary to further sub-divide under 25 year-olds with reference to their needs for entrepreneurship training and assistance. Since different age groups exhibit varied requirements for entrepreneurial training and assistance, separate suggestions are made for each age group. As a result, each of the three major target groups are addressed separately here. At the outset, however, some general conclusions can be drawn in order to respond to the stated objectives for this study.

- **In order to assist northern Alberta's youth to realize entrepreneurial goals, a variety of tactics and programs must be adopted with specific target audiences in mind.**

- Since the delivery of assistance programs in northern environments is often much more difficult than in more densely populated southern regions, **delivery mechanisms must be flexible, efficient and amenable enough to be easily adapted for a wide variety of geographical conditions and target audiences.**

- Ideally, neither the teaching profession nor the business community should be made solely responsible for the delivery of entrepreneurial training and assistance to today's youth. **As much as is possible, academia and the small business community should collaborate to design and deliver entrepreneurial education and assistance programs to northern Alberta's youth.**

- **It is suggested that the creative thought and calculated risk aspects of entrepreneurialism be emphasized with younger audiences [under 13 years of age]; as opposed to a focus on**

business skills and financing with older target audiences [14-to-25 years of age].

The following discussion represents an attempt to correlate the most applicable components of the various programs that have been reviewed for the purposes of this study, with the three target youth groups identified in the last chapter. The format for this concluding section, which is directed at the three target groups, is as follows:

A. Overview of Group Characteristics

B. Applicable Programs

C. Discussion

Group 1: Elementary School Children

1.1 Kindergarten and Grade 1

A. Overview of Group Characteristics

It has been argued that this group is the most creative of all formal education sub-groups in the school system. Whether or not this is true, creativity is to be encouraged at every opportunity. Thus, unstructured and unorthodox thinking and problem-solving should become a prominent component in the educational curriculum of this age group. The entrepreneurial characteristics that should be instilled in this age group are independence, readiness to take calculated risks and innovative approaches to problem solving.

B. Applicable Programs

Any programs offered to this group should challenge children to think creatively, solve problems and undertake some innovative and perhaps risky projects. The program that most closely provides all of these challenges for this age group is the Unconventional Invention Convention.

The Unconventional Invention Convention is specifically targeted at the Kindergarten and Grade 1 age group. It is a program that has been implemented successfully by the Roman Catholic School Board in Fort McMurray. The program identifies creative people. Young participants are challenged to create an item previously not known in the world (at least to their knowledge), and present it at the Unconventional Invention Convention.

The program emphasizes inventive thinking which requires reversing, designing, re-designing, finding new uses, improving and inventing; creative thinking; brainstorming; questioning for clarification; and, a variety of other revolutionary challenges for 5, 6 and 7 year olds. All of these characteristics are important components of entrepreneurial activity.

C. Discussion

It is suggested that the Unconventional Invention Convention program be adopted across northern Alberta for all Kindergarten and Grade 1 students. All educational initiatives directed at this age group should have fun as a prerequisite ingredient. This is not an age that should be confronted with business nomenclature of any kind. Rather, this very impressionable age should be challenged to apply their very vivid and active imaginations to both practical and nonsensical challenges, simply to exercise and expand those imaginations and the skills they require to be independent and entrepreneurial thinkers.

1.2 Grades 2 to 9

A. Overview of Group Characteristics

The seeds of entrepreneurialism, and not necessarily business knowledge, need to be sown in this group. The entrepreneurial philosophy stressing independent thought, self-confidence, risk-taking based on thorough research and facts, competitiveness and enhanced communications skills should be instilled during this very formative stage of development. Further, business basics could be introduced to this group in a formal manner that would see base knowledge increase as children progress from grades 2 through 9.

B. Applicable Programs

Existing applicable programs for this group include **Career Days** and **Junior Achievement's Business Basics Program**. The implementation of a **Career Days** program would allow for the exposure of a wide variety of career choices to this very impressionable group. As students progress from Grades 2 through 9, the diversity and sophistication of potential career opportunities could be increased. The opportunity to interact on an open question-and-answer basis with individuals representing a broad cross-section of careers would help to dispel myths and would expose students to the many choices that available to them when the time comes to choose a career path.

Junior Achievement's Business Basics Program, directed at Grade 5 and 6 students, could be introduced to every Grade 5 and 6 student across northern Alberta. This four-week, in-class, educational program, usually delivered by an outstanding high school JA-trained student or a businessperson, addresses the essentials of running a business. It also provides participating students with a working business vocabulary.

C. Discussion

Given that the needs of students change with time, then both the approach and the content of training curricula for teachers should be reexamined from time to time in this context. That is, university training for elementary school teachers should include aspects of entrepreneurial philosophy, business basics and career opportunities. It is unfair to demand that elementary school teachers impart this knowledge if they have not first been prepared to do so.

A progressive and coordinated system of Career Days could be implemented in Grades 2 through 9 throughout northern Alberta. Similarly, Junior Achievement's Business Basics program could be implemented for Grade 5 and 6 students across northern Alberta. Of all the programs reviewed for the purposes of this study, Career Days and the Business Basics program would seem to be most applicable for the entrepreneurial training needs of this particular target group. Of course, the implementation of either or both of these initiatives would necessarily imply an active participation level by local business people scattered throughout the north country. A volunteer bank of business people could be cultivated in each community, or region, in order to provide the resources for the practical components of both Career Days and Junior Achievement's Business Basics program. Any initiatives in this regard must necessarily have the involvement of the business community. Given the typical demands on the average entrepreneur, the challenge of involving this particular segment of the community represents a formidable task. Nevertheless, the involvement of business people in each of these two programs represents the Achilles' heel for these kinds of programs and their involvement is a very necessary prerequisite to success.

Group 2: High School Students

A. Overview of Group Characteristics

High School students represent the critical target market for the future of the entrepreneurial movement. The development of entrepreneurial education and training is still in its infancy. As a result, it is difficult to provide constructive assistance to many who are in need of it now. However, the captive audience found in the high schools represents a significant source of tomorrow's entrepreneurs. It is important that entrepreneurial training and business acumen be stressed with this group in a very formal way, as soon as is possible.

High School students are at a stage in their life cycle where they must begin to contemplate career alternatives. Of course, many do not confront this issue until they have to. For those who do, too often self-employment is not presented as a career option. Some of the many and varied reasons for this have been established in this study. For instance, the self-employment alternative may not be one that automatically presents itself to the average teacher. But, whatever the case, teachers must be encouraged to formally introduce it as one of many vocational pursuits worthy of serious consideration by high school students.

B. Applicable Programs

Several programs reviewed for this study offer great potential for the entrepreneurial training and assistance needs of high school students. The most applicable programs for this target group include:

- Junior Achievement's Project Business Program
- Junior Achievement's Company Program
- The University of Calgary's Mini-University Concept
- Development of Entrepreneurs Courses [Ontario]
- Dawson Creek's Enterprise Centre
- Career Days
- Student Venture Capital

Junior Achievement's Project Business Program brings the world of business to life for Grade 8 and 9 students. A typical session involves students in role playing situations as they study the stock market, production, competition between companies in similar markets, and so on. The program is based on illustrating the realities of the business world. Project Business classes are held once a week and businesspeople participate in the sessions in order to share their actual business experiences with both students and teachers.

Junior Achievement's Company Program is directed at Grade 11 and 12 students. The program has students forming actual companies and operating them on a 26-week life cycle, one night-per-week, from October to May. Four person teams of volunteer advisers, drawn from the business world, work with the achievers in their efforts to establish and run successful business operations. During the course of the program, the Company, which is composed of 12 to 20 students, is capitalized, operated, and finally liquidated, during the course of the school year.

The University of Calgary's Mini-University Concept, to be known as the **Youth Entrepreneurship Program**, represents a very successful concept for the purposes of entrepreneurial training. Existing mini-university courses, such as the one operated by the University of Alberta, are essentially clever marketing ploys whereby universities expose high school students to their campuses, activities and course curricula. However, the University of Calgary has adapted the format to expose graduating and junior high school students to successful businesspeople and the concept of entrepreneurialism. The first program is scheduled to run in the second week of August, 1989.

Development of Entrepreneurs courses are being formally introduced to all Grade 11 and 12 students in Ontario this year. The innovative curriculum provides students with opportunities to assess their personal interest in, and aptitude for, entrepreneurial activities. Students are encouraged to think and act in a creative manner, understand the role of entrepreneurship in today's society and its contribution to economic activity in general and examine a wide range of career choices.

Dawson Creek's Enterprise Centre is based on two main components: entrepreneurial course work and a small business incubator. The course work consists of a Grade 11 course that stresses self-confidence [Dale Carnegie philosophy] and entrepreneurial self-assessment. The Grade 12 course centres on the production of a business plan and business skills. For those students interested, a detached small business incubator and business mentor are available if they wish to launch their own small businesses. Further, very limited financing is available to those that are able to satisfy the prerequisite [a comprehensive business plan] for entry to the incubator.

Career Days offer the opportunity for students to be exposed to a wide variety of potential careers and to interact with people representing those career opportunities.

Student Venture Capital is an Ontario program that is representative of a variety of student summer business loan programs. The Alberta Opportunity Company and the Federal Business Development Bank have similar programs. They all address a critical need for student-operated small businesses -- capital. However, the Ontario program is somewhat unique inasmuch as the loans are interest free (due on September 30th, each year), mentors are provided through local chambers of commerce and the Royal Bank, and the Ontario Ministry of Skills Development sponsors a series of business management seminars for the participants each summer.

C. Discussion

Junior Achievement's Project Business Program could be implemented for Grade 8 and 9 (Junior High School) students in northern Alberta. Similarly, Junior Achievement's Company Program could be made available to all Grade 11 and 12 students across northern Alberta. However, in the latter case, the creation and operation of a company should not be a mandatory component of the program. Rather, the participants should be provided with the option of forming any kind of organization that would require them to co-operate, communicate, organize themselves and be entrepreneurial.

The time would appear to be opportune for northern Alberta's post-secondary school institutions to examine the feasibility of a mini-univeristy concept program, similar to that which is being planned by the University of Calgary [Youth Entrepreneurship Program]. It was determined that the necessary threshold market for the mini-university concept exists in northern Alberta, and an entrepreneurship program with a northern flavour could be introduced. Entrepreneurialism and self-employment should be the foci of any such program. Once again, the business community should be encouraged to participate, along with other community leaders, to help deliver the entrepreneurial message. As with most other initiatives suggested here, the active participation of all major factions of the community, educators, business people, municipal representatives and other interested individuals, can considerably enhance the potential for success for any of these programs.

An even greater challenge awaits those who attempt to integrate both practical and theoretical forms of assistance in the name of the youth entrepreneurial movement. Some communities may wish to develop an integrated senior high school student entrepreneurial business start-up program. This program could adopt the Grade 11 and 12 "Development of Entrepreneurs" course curricula from Ontario and Dawson Creek's business-mentor supported small business incubator. Initially, this comprehensive program package could be tested in two or three centres in northern Alberta; perhaps in Fort McMurray or Grande Prairie, in a centre of 3 to 7 thousand population and in a smaller rural community with a regional high school. If the program proved to be successful, over a test run of at least 3 years, then the program could well be considered for other communities in the north. Any serious consideration of this kind of major thrust demands extensive planning and a broad spectrum of community support. In addition, as the Dawson Creek student incubator's mentor has so ably indicated, success in the student small business incubator area is very much mentor-dependent.

If a formal Career Days week was operated in every high school in northern Alberta, each year, it would enable students to be exposed to four such weeks over the Grade 9-to-12 time period of their academic careers. Here too, community involvement is a very necessary prerequisite to success. However, given the ultimate goal of retention with reference to the rural youth population, it can be argued that the commitment by a community at large in this regard is extremely worthwhile.

A variety of organizations are in place in northern Alberta and could be utilized to enhance the level of youth entrepreneurship. For example, the Alberta Opportunity Company could be encouraged to utilize local business mentors in their Student Loan Program. Also, the Alberta Treasury Branches may be approached with a request for them to sponsor business management seminars in concert with AOC's Student Loan Program. Similarly, FBDB's CASE counselling program, Alberta Economic Development's Management Assistance Program and their very able business counsellors could be utilized to address the youth entrepreneurship development challenge in concert.

A great many unique and somewhat interrelated initiatives could be taken for this second target group with reference to their needs for entrepreneurial training. Quite obviously, some form of coordination could greatly reduce redundant efforts and resolve program delivery gaps in this regard. The Alberta Department of Education may be able to establish a coordinating body that would be responsible for integrating and coordinating a total package of high school student entrepreneurial training and assistance programs, based on the foregoing discussion. It would seem that the Department of Education is ideally suited for this kind of coordinating role, given their mandate to administer the high school level educations of Alberta's youth.

Group 3: Employed, Unemployed and Under-Employed

A. Overview of Group Characteristics

This target group consists of a number of distinct sub-groups, as follows:

1.1 **High School Dropouts**
1.2 **Post-Secondary School Dropouts**
1.3 **Unemployed and Under-Employed**
1.4 **Post-Secondary School Graduates**
1.5 **Employed and Self-Employed**

This large target group represents the segment of young northerners most deserving of attention. Certainly it is the most challenging group with reference to the need for entrepreneurial training and assistance. The high school dropout rate in northern Alberta is unacceptably high. Further, in a great many areas job opportunities, particularly for the unskilled and relatively uneducated, are few and far between. As a result, many of northern Alberta's young people are forced to leave the north in order to pursue job opportunities. Those who do not leave but who are still unable to secure meaningful employment are often at loose ends with too much time on their hands and suffer the gradual loss of initiative and self-confidence.

B. Applicable Programs

An extensive variety of programs is required to satisfy the needs for entrepreneurial training and assistance of the many sub-groups in this category. Programs with potential application to northern Alberta, with reference to Group 3, are as follows:

- Entrepreneurial Centres -- NAIT, Keyano College
- Business Development Centres -- Community Futures
- YMCA Youth Enterprise
- Mobile Business Counselling Services
- Graduates-In-Business -- P.E.I.
- Youth Business Start -- Manitoba
- Youth Venture Capital -- Ontario
- A Business Proposal/Financing Sources Linking Mechanism
- Entrepreneurship Northwest -- Athabasca University
- Community Business Initiatives (CBI) -- FBDB
- An Integrated Networking Facility

Entrepreneurial Centres, while apparently only viable in large urban centres, are nevertheless an excellent training ground for would-be entrepreneurs. The Keyano College Entrepreneurial Centre was closed after one session due to insufficient enrollment. NAIT's Centre for Entrepreneurship is just graduating its seventh 12-week class. However, by far the majority of its participants attend evening classes. The availability of evening classes in entrepreneurial training would seem to be a prerequisite for long term success of these centres.

The Centre for Entrepreneurship's program is based on the identification of a new business idea and the subsequent production of a comprehensive business plan. Theoretically, graduates of this program should be able to walk right into a business start-up situation.

The Community Futures Program Business Development Centres [BDC] provide two of the most critical ingredients for the success of a new small business: management counselling and access to financing. Business participants are eligible to borrow up to $75,000 and receive unlimited amounts of business mentor counselling from the BDC.

The Slave Lake BDC provides an excellent example of the capabilities and importance of these centres in remote areas. In Slave Lake and area [ID #17], it was difficult to obtain business counselling services and, of course, it is difficult to borrow money anywhere. The Slave Lake BDC is filling a large gap. It is now being modified in order to deliver an outreach program to Red Earth and other areas. Supported by the Federal Community Initiatives Fund, the outreach program is called a Business Development Agency. Business Development Centres cater to both new and existing business activities.

The **YMCA Youth Enterprise** program, located in nine cities across Canada, is based on the small business incubator concept. The Centres operate with the support of local businesspeople, governments, local educational institutions and YMCA-supplied management. The Centres require broad community support in order to be successful.

To be eligible for the program, candidates must be 16 to 30 years of age, with plans to work full-time in their proposed business ventures within 6 months of completing their business plans. Proposed businesses that would compete directly with a business already participating in the program are not accepted. Participants are enrolled in an intensive training program (of up to 16 weeks duration), that concentrates on entrepreneurship and self-employment, not necessarily on business.

Mobile Business Counselling Services would appear to have obvious merit in areas like Alberta's north which features remote communities and sparse population densities. From a logistical point of view, taking a business counselling service to remote sources of demand appears to be more efficient, in terms of total costs, than asking users to travel to it.

The mobile business counselling service envisioned here is a van equipped with business start-up guides, computer data bank hook-up capabilities, and a well-qualified business counsellor. Further, this service would concentrate in areas remote from existing services of this kind.

The Prince Edward Island **Graduates-In-Business** program is unique since it supports the individual while he/she is attempting to start a new business activity, rather than the start-up process itself. The primary objective of the Graduates-In-Business program is to accelerate the identification and start-up of new small businesses appropriate to P.E.I.

To be eligible, applicants must have a degree/diploma/certificate from an accredited post-secondary institution, must have graduated within the last three years and must be presently either unemployed or under-employed. The program provides living subsidies for up to two years during the start-up phase of a new business project plus a maximum allowance of $2000 to cover travel, telephone and other similar start-up expenses.

The Youth Business Start program enjoyed a short but successful run in Manitoba. It was dropped during a period of budget trimming. However, the program was immensely popular and its reintroduction is now being given serious consideration.

The program was directed at the 18 to 24-year age group and there were absolutely no academic prerequisites to be satisfied to be eligible for the program. The program helped cover initial start-up costs for new businesses only, to a maximum of $4,000. Further, each applicant had to identify a business adviser to provide voluntary guidance through the developmental stages of the business.

Ontario's **Youth Venture Capital** program evolved from the earlier Student Venture Capital program that was similar to other summer student-business financing programs. To date, over 3100 young people have used the Youth Venture Capital Program to establish year round businesses.

The Youth Venture Capital program offers interest-free loans of up to $7,500 to young people between the ages of 18 and 24 who are not attending school on a full-time basis. Persons between the ages of 25 and 29 who have recently graduated from a post-secondary school or obtained retraining or a trade certificate in the past year, are also eligible. Applicants must contribute a minimum of 20% equity into their proposed businesses and only new businesses are eligible for the program.

A **Business Proposal/Financial Sources Linking Mechanism** is a critical need anywhere that businesses are being started but is even more important in remote areas where traditional sources of financing are not typically available locally. The marriage of business ideas and investment money is being addressed in large cities through a variety of programs today. For instance, programs such as Venture Link, Venture Conferences, Indiana's Capital Connection and New England's computer-based Venture Capital Network are prime examples of what is available in more populated areas. However, in areas like northern Alberta, these programs are of little or no use.

A mechanism must be established whereby people with new business ideas, or with plans to expand or diversify existing businesses, can make contact with private investors. A facilitator is required in northern Alberta to provide this liaison service.

The **Entrepreneurship Northwest** program, formerly known as the Western Canadian Inter-jurisdictional Distance Education and Entrepreneurship Project, has great potential. This project, which is being developed by academic institutions in the four western provinces and two territories and is co-ordinated by

Athabasca University, is an experiment in providing entrepreneurial skills via distance education.

Entrepreneurship Northwest is a 28-month project with two key objectives: first, to test, demonstrate and document an inter-jurisdictional mechanism that makes the process of institutional and inter-governmental collaboration work and secondly, to apply a systematic procedure to collectively plan, design, develop and pilot-test a distance education program in entrepreneurial training.

The distance learning education program, when developed, will consist of modules that can be packaged and delivered through various electronic means, including teleconferencing. The development of this program is of significant interest to the northern Alberta as it represents great potential to reach individuals in remote communities through an efficient means. Distance education systems of any kind are worthy of consideration in Alberta's north.

The Federal Business Development Bank's **Community Business Initiatives** [CBI] program is of interest because it has been designed for the exclusive use of existing and surviving small businesses. The CBI program follows a one-year format that is based on 10 seminars, one each month except in July and August, and four hours of follow up one-to-one counselling with each participating business after the seminars are over. Each participating business pays $625 to register in the program. Also, the program is available on a community basis to a maximum of 32 non-competing businesses.

Businesses in the City of Fort McMurray are currently involved in this program. Obviously, in northern Alberta only Fort McMurray and Grande Prairie may be large enough to attract a program of this kind. Nevertheless, early reports on this program [it has also been run in Lethbridge] are very favorable. This program and the Alberta Department of Economic Development and Trade's Management Assistance Program, are two of the few entrepreneurial assistance programs specifically directed at existing businesses.

An Integrated Networking Facility is required to accomplish a number of objectives as follows:

1. Many would-be and existing entrepreneurs do not have extensive networks available to them; as a result, they suffer from information shortages, poor access to financing, limited opportunities to receive business counselling, and so on. A focus point, or node, is required to tie interested individuals to key sources of support that are otherwise difficult to access.

2. Networks consist of connections between nodes. Because communication can occur in any direction, the establishment of networks allows the sources of financing, government programs, business counselling and other forms of information and assistance to reach their intended targets.

3. It has been established that the entrepreneurial movement is experiencing a bandwagon revolution at this time. Many private and public sector bodies are climbing on

this bandwagon in their drive to "help" existing and would-be entrepreneurs.

Much effort is expended in this process, some of it in isolation. As a result, there is a tendency for substantial overlap, there are gaps in program delivery and too little co-ordination and communication.

All this effort needs co-ordination and it must be made more efficient for both suppliers and users.

C. Discussion

The foregoing programs have been included because they have potential applications for the large third target group identified for the purposes of this study. This target group consists of a number of mutually exclusive and distinct sub-groups. Thus, the applicable programs identified in association with this group cannot be universally applied to all of these various sub-groups. Inasmuch as certain of these sub-groups are widely scattered and not easily congregated, any suggested program initiatives would have to be sub-group specific.

It is suggested that those northern post-secondary institutions that are capable of doing so, provide evening classes based on the NAIT Entrepreneurial Centre curriculum. This service would be of value to high school and post-secondary dropouts; the employed, unemployed and under-employed; and, the self-employed. Wherever extended education business courses are presented, the resulting relatively high enrollments versus, many other kinds of extension courses, attest to the demand for this kind of further education. Unfortunately, in all too many cases non-active students are unable to access further education services. This is particularly true in rural areas. NAIT's Entrepreneurship Centre caters to 90% of its total enrollment through evening classes. Similarly, business courses are actively pursued through the extension departments of the Universities of Calgary and Alberta. It is suggested that the provision of formal entrepreneurial training courses, presented through evening sessions, and widely scattered across northern Alberta would be well-attended.

A relatively new entrepreneurial assistance program, the Business Development Centres of the Canadian Jobs Strategy Community Futures Program, offers a great deal of potential for rural entrepreneurial development. Existing Community Futures Business Development Centres could develop outreach lending and business counselling services in the hinterlands of the areas that they currently serve. As an example, the Slave Lake Business Development Centre is now entering a phase where it is attempting to deliver its services more extensively to the remote communities in its territory. Business Development Centres can fill a void in areas where other forms of business counselling and potential sources of financing are not readily available. Here again, this service would be applicable to all of the various sub-groups identified in this third target category.

For those would-be entrepreneurs who have the resources and who need the added start-up support that can be provided by a small business incubator, they could enroll in the YMCA's Youth

Enterprise Centre program in Edmonton. Of course, the prerequisite for admission in this case would have to be that the planned business is mobile enough to move it back into the participant's home area in the north. Also, again for those would-be entrepreneurs with the resources, the daytime version of NAIT's Entrepreneurial Centre program provides for extensive one-on-one mentor-student opportunities. Both the federal and provincial governments provide financial support to certain unemployed individuals for participating in programs of this kind. The Self-Employment Initiative of the Community Futures program is an example of this kind of program.

Given the challenges of delivering business counselling to a very mobile population and to remote communities in the northern Alberta environment, delivery mechanisms must be mobile and flexible. The Small Business Division of the Department of Economic Development and Trade could consider establishing a completely self-contained, mobile business counselling service that would concentrate on those areas that are most remote from existing services of this kind. Here again, this program could be beneficial to all of the facets of the third target group. On a scheduled basis, this mobile business counselling service could address the needs of existing and would-be entrepreneurs in areas where the recipients would otherwise be unable to benefit from services of this kind.

One of the most commonly cited inhibiting factors for youth business activities is the lack of adequate financing for their ventures. **It is suggested that a Youth Business Start-Up**

program could be initiated in northern Alberta, that would offer financial assistance in the following manner:

- the program could adopt the non-academic prerequisites format of Manitoba's Youth Business Start program; and,
- the program could offer the $7,500 interest-free loan [for one year] package of Ontario's Youth Venture Capital program.

A program of this kind would obviously be of interest to the unemployed school dropouts throughout northern Alberta. In a great many cases, this group of potential beneficiaries of a program of this kind would be unable to raise seed capital on their own merit.

One of the fundamental problems that exist for would-be entrepreneurs, is an identifiable and satisfactory interface with potential sources of financing. That is, interaction between would-be entrepreneurs and sources of financing, particularly in remote rural areas, is almost negligible. It is suggested that a northern Alberta "Business Financing Coordinator" could be established to facilitate the marriage of business start-ups and expansion with sources of financing. It may not be possible to effectively deliver this service from one central office; as a result, **it is suggested that a "Business Financing Coordination Office,"** perhaps as a component of the Department of Economic Development & Trade's Small Business Division, **be established at various centres across northern Alberta**. The provision of this service would be invaluable to all existing and would-be entrepreneurs in northern Alberta. Currently, the lack of access to financing is the major stumbling block to locally-initiated new and expanded business activities in the north.

Further, the reluctance of chartered banks to take an aggressive stance in this regard requires an intermediary service to interface between other sources of supply and the seemingly ubiquitous pockets of demand.

The Entrepreneurship Northwest distance learning education experiment that is being conducted across western and northern Canada, under the leadership of Athabasca University, represents a great deal of potential for the delivery of educational and other forms of assistance programs to remote peoples and communities of Canada's north. The Entrepreneurship Northwest Distance Learning Education program should be closely monitored over the balance of its development and testing period. Further, Alberta's north could provide some excellent test locations for the training modules that are being developed during this experimental phase of the program. The distance learning education concept holds a great deal of hope for the future provision of adequate training services in that area that constitutes the rural population of northern Canada. The anticipated flexibility of delivery and relatively low cost per unit of consumption offers all northerners with a great deal of anticipation about their enhanced future well-being. The objective of providing northerners with the same kinds of training and assistance programs that are taken for granted by their southern neighbours, in their places of residence, is a worthwhile one indeed. It is worthy of widespread support and very thorough testing.

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It has been established during the course of this study that professional educators are not well equipped, in the average case, to teach business skills and entrepreneurialism. However, teachers are particularly well situated to deliver the entrepreneurial message. As a result, they must be provided with the necessary tools with which they can accomplish this challenging task.

Teachers need a reward and recognition system that they can utilize to create a distinctive and separate entrepreneurial subject identity. They need games they can play, business games and business field trip guidelines. Teachers need specific teaching tools for this challenging subject matter. They must be provided with the necessary guidelines to implement "role playing" sessions -- an invaluable aid to teaching about the way businesses operate. They must also have a mechanism that they can utilize to draw local business people in to participate in the teaching process.

Quite obviously, the teaching profession cannot be expected to undertake this challenge of entrepreneurial training without some form of grand design. Any other approach would lead to a haphazard, unstructured and inequitable delivery of a much needed service. Rather, professional education curriculum planners and a cross-section of business counsellors and businesspeople should collaborate to develop a "Guide to Teaching Entrepreneurialism" for northern Alberta's primary and secondary school programs. Any such package should be prepared in a central location that would allow for all of the various actors in the entrepreneurial/education and assistance movement to have input. Further, the package would have to be flexible enough to be readily adaptable to a wide variety of delivery mechanisms and target audiences.

The need for improved levels of communication among all of the actors in the entrepreneurial movement has been established. The vast amount of independent and isolated activity in the area of developing entrepreneurial assistance programs, in northern Alberta alone, is alarming. A central body is required to scrutinize all the activity that is going on and to serve as a communications node so that all interested participants can interact. Northern entrepreneurship seminars and conferences are required in order to get the word out with reference to the forms of assistance available, and, even more importantly, to provide for the building of networks and allow the supply and demand sides of the process to communicate and refine the process.

Any serious efforts to improve the quality and availability of entrepreneurial training and assistance programs in northern Alberta must be coordinated. At present, a growing number of individuals and groups are expressing an interest in developing a wide variety of entrepreneurial enhancement programs in the area served by the Northern Alberta Development Council. While the rapid growth of these efforts is encouraging, the uncoordinated and completely independent nature of many of these initiatives will result in a great deal of redundancy of effort and some inevitable gaps in program delivery in geographical areas serviced. As a result, it would be most desirable to establish a central and easily accessible Business Development Coordinating Office in northern Alberta:

- to serve as a catalyst to network building
- to co-ordinate the collection and dissemination of intelligence related to entrepreneurialism on a current basis
- to enhance the efficient and co-ordinated growth of entrepreneurial education and assistance programs available to northern Alberta
- to act as an interface between the supply side and demand side of entrepreneurialism

Northern Alberta is an autonomous and homogeneous region that is capable of implementing many of the preceding suggestions unilaterally. The Northern Alberta Development Council area has the potential to be a pathfinder in delivering both meaningful entrepreneurial and business education and assistance in these fields.

It is important that a co-ordinating body be established to focus all the independent activities currently being undertaken in the name of entrepreneurialism. There is now the potential for redundancy, wasted effort and misguided activity in the creation of entrepreneurial and business education and assistance programs. Areas of overlap, gaps and inappropriate program design must be identified and harmonization must be built in to develop the most efficient and comprehensive spectrum of programs possible. Thus, a strong co-ordinating body is needed to focus all this independent effort and to ensure that the final products form a cohesive package of entrepreneurial development support, capable of addressing the needs of all target groups.

This co-ordinating function should not be placed wholly in the hands of either the educators or the government -- the two prime players on the entrepreneurial assistance stage today. Rather, both groups should be working in conjunction with the business community to develop the best possible product that could result from the participation and collaboration of all three major players. This activity should take place under the direction of a leader drawn from their number. The delivery of effective entrepreneurial assistance and education in northern Alberta is a formidable but worthwhile challenge. It is worthy of a total team effort.

7.2 Recommendations

It has been established during the course of this all too brief examination of youth entrepreneurialism in northern Alberta that there are only a very few young entrepreneurs in Alberta's north. Further, without a consistent effort that is directed specifically at young people, schools, parents and financial institutions, there is little reason to expect improvements in this regard in the near future. Until significant changes are introduced to existing approaches to preparing and assisting young people to pursue self-employment alternatives, there are no reasons to expect changes to the status quo. Given existing conditions and sources of assistance, northern Alberta's youth cannot be expected to jump on the entrepreneurial bandwagon with the same enthusiasm that their self-proclaimed chaperones are displaying. The level of service is far too inadequate at this point in time.

Another area that is of critical importance to the enhancement of youth entrepreneurialism in northern Alberta is the availability of debt capital. It has been established that venture capitalists are not only not interested in youth business start-up investment opportunities, they are also not very active outside of larger urban areas. Since traditional lending sources, most notably the chartered banks, are even more reluctant to lend in rural areas than normal, alternative sources of debt capital must be identified and pursued. Although private investors represent some potential in this regard, the onus falls upon such institutions as AOC, ADC, FBDB and Alberta's Treasury Branches in the north. In addition, a concerted effort must be made to entice the chartered banks to again become more active in small business growth in the north.

Finally, the key to improving existing programs is simply to make them more applicable to the real needs of existing and would-be entrepreneurs, and more deliverable to northern Alberta's widely scattered pockets of potential users.

The following three broad recommendations are presented as representative of the findings of this analysis of the youth of northern Alberta and entrepreneurship:

1. Improved entrepreneurial training and assistance programs can only be realized through a concerted effort to upgrade the quality of the product and raise the level of participation in the process. Trainers must be better trained. Every student and all northern Alberta residents should have access to entrepreneurial training and assistance programs. Educators, parents, the business community, financial institutions and young people must be actively involved in the process of identifying needs, designing solutions and delivering programs of entrepreneurial training and assistance to the wide variety of youth target audiences throughout northern

Alberta. Importantly, the business community must be more involved in the process and the facility for business people, educators and program support organizations to interact must be considerably enhanced. Existing programs such as Career Days and Junior Achievement should be encouraged and improved. Innovative programs like community-school business incubators and youth entrepreneurship programs should also be tested and adapted to meet the growing demand. Finally, a co-ordinating body should be established to ensure that the highest possible level of involvement of all of these various facets is achieved.

2. New sources of both equity and debt capital must be identified for the purposes of financing youth-operated business activities. Young people are the most disadvantaged group with reference to securing debt capital for their business undertakings. Innovative approaches to securing debt capital, including youth venture financing schemes, loan guarantees and other forms of public assistance should be examined. Also, the chartered banks should be encouraged to become more involved in the financial planning of youth business enterprises with resulting consideration to equity positions in their ventures. Further, institutions such as AOC and FBDB could consider a wide variety of youth enterprise options, including reduced equity requirements, preferred interest rates, individual counselling and group seminars, loan guarantees and equity participation. The unique situation for most young entrepreneurs, with reference to both collateral and experience, should be less of a barrier to lenders given some innovative approaches to compensating for these shortcomings.

3. The key to improving existing programs is to reduce the academic "case study" type content, in favour of a more practical emphasis; and to curtail the central theme of producing a business plan in consideration of an increased focus on strategic thinking, entrepreneurial self-assessment and business operating skills.

Importantly, careful consideration must be given to the development of any programs that are being specifically designed or adapted for northern Alberta. In order for entrepreneurial assistance and education programs to be utilized by northern Alberta residents, they must meet some fundamental prerequisites. First, the programs must be flexible enough that they can be adapted for a wide variety of target audiences in terms of both scale and content. Secondly, it must be possible to deliver northern programs in an efficient manner, in terms of both human and financial resources, again to a wide variety of target audiences and geographical locations. Finally, the program content, in each case, must be practical and meaningful for conducting a business in a northern environment.

Given this era of shrinking government funds and increased competition for those funds, any new initiatives must be easily and efficiently utilized by the greatest number of potential users, in order to have any chance of support. The demand for assistance in a wide variety of areas has been well established for northern Alberta's youth, it remains to provide them with meaningful support in a most desirable field of endeavour: self-employment.

FOOTNOTES

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